Making it to The BIG 4

A Journey of a Decade

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Organization Development Institute (ODI) Director
Curriculum/Instruction/Human/Organization Development Consultant
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Foreword

Organizations are born and become a living social milieu of people at work and in relations. They affect and influence the lives of people in every aspect of their personal and professional life. While most people find themselves in most of their working life in the matrix of organizational systems, structures and strategies, others create and organize new organizations out of their dreams and aspirations to lead and manage them.

How are organizations born, nurtured and managed to a full-blown dynamic social system? Any student of organizations as human social systems and organization development (OD) who wants to learn how OD can support business and service enterprises must understand the developmental stages of the corporate life of an organization.

“Making it to the Big Four: A Journey of a Decade” is one case study that focuses on the forming, norming and fulfilling stages of one firm – one that rose from ground zero in the country to become a “Star Firm” as a member of a “Big Four”, an international accounting firm. For business and OD students in Asia, this is one case to study and learn.

The Graduate School of Business of Assumption University supports this piece of work for our Masters in Business Administration (MBA), Tourism Management (TRM) and OD Programs such that our students would be mindful of the dynamics of growth of organizations in the context of fast changing times. Entrepreneurs may sometimes take the growth of “organizations as living entities” as secondary and separately to making business, the emerging discipline of OD considers it an integral part of making enterprises work, survive and thrive. In today’s world, this is non-negotiable.

This study is now part of our repertoire of instructional and learning resources in our programs in the graduate school.

Kitti Photikitti, Ph.D.
Dean, Graduate School of Business
Assumption University of Thailand

Dedication

To Leaders/Learners of Organizations whose integrity and influence in the development, growth and transformation of human social systems can make or break the journey.

Acknowledgement

The C. L. Manabat & Co. (CLMC) story is "one from many" and "many as one." It would not have been possible to get this done from a singular effort of the author or just by the team tasked by the Chair to collect the information from the records and archives. Definitely, this book is a collective and collaborative effort and wisdom drawn from many participants and composed by many as one story of a firm that is worthy of note as it rose to distinction. It was out of the desire of the Founder/Chair with the full support of the partners and managers of then CLMC to work with the author to document and capture the decade of challenges and celebrations of the life and growth of the firm. For this reason, the first acknowledgement is due to every person who had been part of CLMC during its decade of corporate functioning, and that is the subject of this book. To every CLMC employee who did his/her best choice, best effort, best shot, and best "dash" in life as part of a corporate family moving from ground "zero" to "level four" in the industry, thank you for your story, your share and support in this episode.

To the Founder/Chair, Dr. Conchita L. Manabat, my esteemed colleague in OD and friend, I am grateful for her trust and confidence in what I could do for her and the firm right from the start to design, conduct, and facilitate the OD processes/sessions, to engage the leadership and management to think together, process different perspectives, come to a cohesive consciousness, and discern the directions and strategies to meet the challenges along the way. It was a rare privilege for me to be "up close professional and personal," to be given such opportunity, as an OD Consultant, to gain depth and breadth of experience and understanding of what it would take to compose this book as a case of organization development and change. Chit, I take off my hat to you for having the perfect blend of dynamic flow of "yin and yang," the "task and touch," the "left and right brain" functioning, both at work in the life stages of CLMC, enabling the firm to reach the fullness of "being-behaving-becoming" in one decade.

To the partners of CLMC – the cohesive team of professionals, the practice leaders of the firm led by Conchita L. Manabat, CLMC Founder & Chair, with Manuel O. Faustino, Managing Partner and Audit Leader; Luz A. Bernardo, Consulting Leader; Angelito D. Cu, Risk & Independence Leader &

Audit Partner; Ophelia G. Jimenez, Tax Leader; Mamerto D. Jayco, Leader for Administration & Audit Partner; Cecilio C. Amoranto, Consulting Partner; Geronimo D. Sta. Ana, Leader for Cebu Operations; Luis C. Manabat, Ofelia A. Gamad, Avelina A. Gille, Diane S. Yap, Bernadett J. Sanchez, Marites Buenaventura-Landicho, Bonifacio F. Lumacang, Drake M. Sombrito, , Imelda Tapay-Lapres, Melissa Sanchez-Delgado, Luisito T. Amper, Fredieric B. Landicho, Oscar A. Torres, and Cecilia F. Ortiz – thank you for your individual and collective support and share of time, talent, and treasure in countless meetings, discussions, deliberations to arrive at what and how best to compose this legacy for learning.

To the staff and managers in Administration, Human Resource, Training, Practice Management, Quality Control, and the Secretarial pool of CLMC, for the assistance and support at the time of data collection through interviews, survey questionnaire administration, documentary reviews, Staff Bits perusals, provision of the many data and myriad details about the firm and its operations, and many related activities that made the composition of this document and database write-up possible, many thanks too. Also, profound appreciation goes to the professional staff and managers who were interviewed, those who participated in the survey and took the time to attend the focused group discussions with the author.

To the readers and editors, who are friends and colleagues in the industry as well as in education, the comments and insights shared enriched and enhanced the value of this story.

To the Graduate School of Business of Assumption University of Thailand in Bangkok, Thailand, Dr. Kitti Photikitti, who gave the invaluable opportunity for the Graduate School to have this resource in the OD Programs and for sponsoring the printing and publication of the case, you have our full appreciation and gratitude.

Perla Rizalina M. Tayko

Prologue

At the outset, let it be known that the semi-final draft of this book was already done in between the years 2008 and 2009. The project was actually started in Year 2005 at about the time when the founding partners' decision to retire from CLMC was being considered. It was intended to be a testimony for all who follow to learn from how the founders/partners steered the ship from ground zero to the 4th level of recognition. The inertia to push the completion of this project was stalled for a number of reasons. After five years and in retrospect, it dawned on the Firm's Founding Chair and the author that there indeed is a value worth sharing out of this story.

Individuals and institutions come and go within their respective lifetime. While institutions have longer life span than individuals, something remains and is passed on from one generation to another when "a legacy" is carved out of a compelling vision, best practices, noble intentions, and on purpose. These are the building blocks for lifelong learning, change, development and transformation. History does not repeat itself for itself; it goes on to infinite possibilities of defining, evolving, developing, and transforming processes as knowledge deepens, broadens, and widens over time and space on earth.

In February 2005 during the CLMC Leadership/Management Passages and Transition Session, the concept of "legacy" was brought up on the table for deliberation. The idea of documenting the experience of CLMC from its inception to fruition, as a source of learning and study was considered. The author was then facilitating the process and took the challenge to develop a framework that would capture the developmental and transformation stages of growth of CLMC. The founding Chair and the Managing Partner were at that stage preparing for their transition to retirement and thought the idea of a book or a case study of the "Star Firm," born to a meteoric shine in a decade, would be worth the effort both for the practice and the academe to learn from. A commitment to a lifelong process of learning was and still remains as one of the core values adhered to by the founding partners and as such, became the underlying purpose to get this book written and printed.

Actually, the data gathering was done between 2005 and 2006; records were perused and reviewed for updates and trends of performance; interviews were conducted with managers and staff by individuals and focused group discussions; surveys were conducted to draw up perceptions on issues and events. All these were the basis of the stories and narratives captured in this case. The book tells the story of CLMC from its inception until the end of 2006 only, when the founding partners decided to retire. Notations were made on subsequent changes in the leadership and firm name in 2007 and 2011.

The original intention to write this book was to document the experience of birthing, forming, norming, and sustaining a professional practice. Thus, this story is all about a decade of experience from birthing to prime, so to speak, in the language of a corporate lifecycle. The learning experience of a decade is comparable to the organizational experience of visionary and successful in Collins and Porras' "Built to last" study. A decade of growth in organizational experience can be dwarfed by those corporations who have celebrated their silver, golden, diamond, and even centennial anniversaries with flying accomplishments and achievements. What can a decade of experience show? Can one really demonstrate the success factors that made the firm shine through?

As a student of organizations and studying the processes of birthing, growing, maturing and aging organizations, this one case, CLMC, is one for the books and is a story of a "STAR FIRM" that rose from humble beginnings to a milestone or number on record that cannot be overlooked. Let this then be one of a case to share and tell for learning. It is the legacy of founders/partners, and I am privileged to be associated with CLMC when I was engaged as OD consultant and facilitator at the time.

Perhaps now, the time is ripe for a story to be told, not for any other reason but for lifelong learning. While admittedly times are changing and change itself has evolved with the times, certain threads in the lives of individuals and institutions remain constant as sources of strength and inspiration for those who take time to study history, if only to build on the body of knowledge for posterity. This body of knowledge is in the field of organization development and transformation. It is a new discipline and would need all the case studies there are worthy to share for generations of learners.

CLMC leadership and management during the decade of their corporate functioning were keenly and painstakingly aware of this dynamic phenomenon and the values they shared together. They made sure and kept stock of their efforts in their "process" at every stage and every turn of events. There was in fact a conscious effort to tap into the Organization Development (OD) processes and practices as it were to guide the leadership in their journey to nurture "the Star Firm." This could be due to the fact that the founding Chairman, Dr. Conchita L. Manabat is herself, an OD person while also being a "numbers" person. She earned her Ph.D. degree in organizational development and planning and has been an esteemed colleague and friend of this author. The crossing of paths, the shared professional exchange in OD processes and engagement, as well as the enduring friendship between the two converged by serendipity and synchronicity beyond their own respective logical expectations and anticipation, are ways that made this book a very personal project.

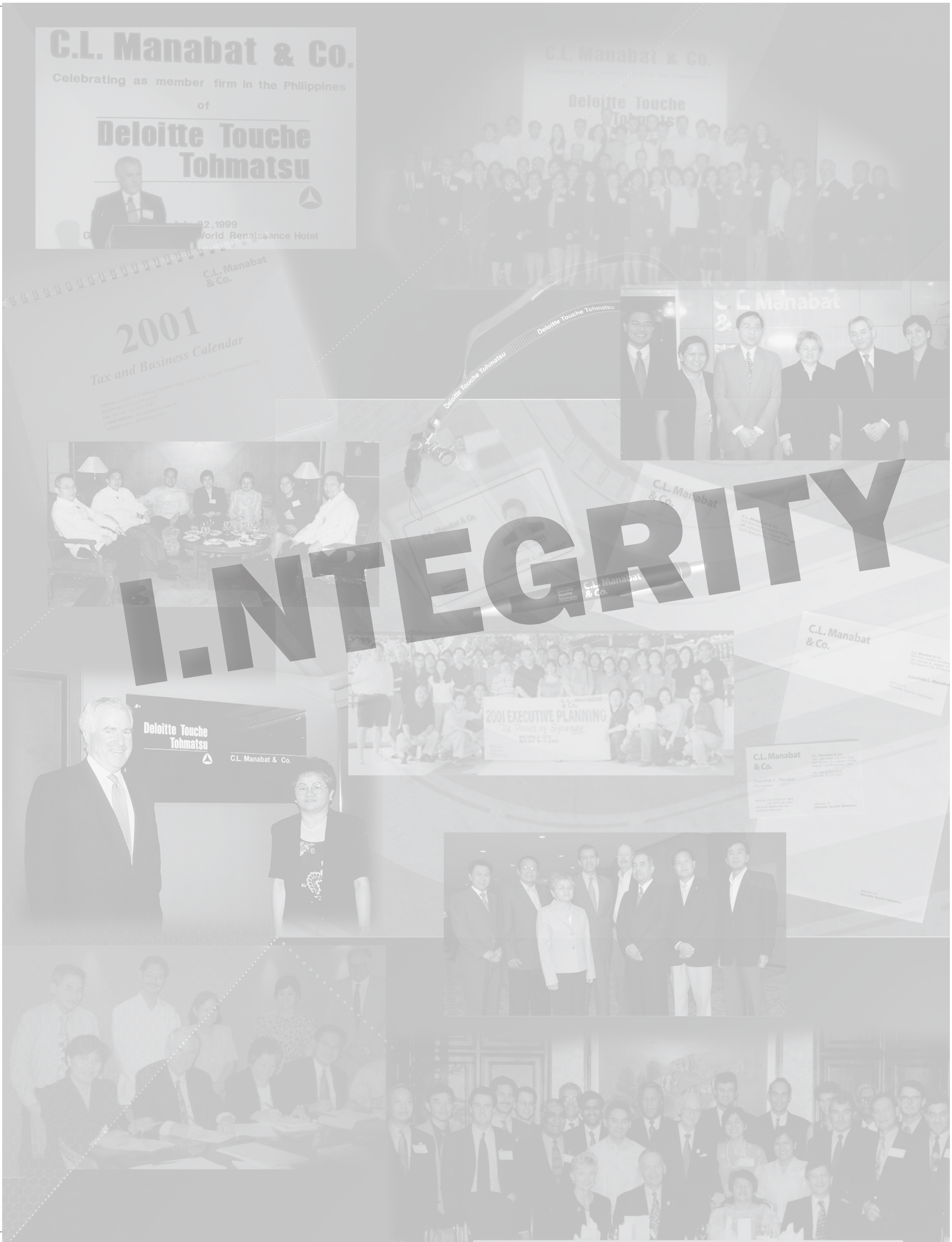
Grant Thornton Intern'l, C.L. Manabat & Co. / First Philippine Consultants, Inc. Launch & GTI Regional Conference in the Philippines

Part ONE

"Breaking New Grounds"

Formation and Growth Stages of CLMC

I.NTEGRITY



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Chapter 1

TO BE OR NOT TO BE -
A Leap of Faith to Dare BE!

We must welcome the future, remembering that soon it will be the past; and we must respect the past, remembering that it was once all that was humanly possible.

- George Santayana

NEWSFLASH! "C. L. Manabat & Co. landed within the coveted circle of the "Big Four" in just five years." Can anyone believe this phenomenon? How did it happen? How could any firm with such humble beginnings, an unassuming entrant in the industry developed so fast and so on course? Does anyone wonder at this meteoric rise? Is there any lesson to be learned from this phenomenon? What was it like at the point of time when the choice "TO BE" was made?

The birth of any firm or organization has its roots in the hearts, minds and spirit of its founder/s. It may grow out of a desire to move away from familiar turf and to dare break new ground. It may spring out of a drive to challenge one's capability and to test one's mettle. It may also be motivated by a strong value system which could make a difference in the lives of others. Or, it may be any combination of all these reasons coupled with the call of a ***dream*** so clear in the mind and heart of those who bear it. None of these elements was the sole driving force for change. It must have been the convergence of these and more that gave birth to C.L. Manabat & Co. (CLMC) in November, 1997, at the *Penthouse*, Salamin Building on Salcedo St., Makati City, Philippines. What could be more symbolic a place than the Penthouse of Salamin Building**?** Penthouse and Salamin simply mean for CLMC… Aim high and excel with quality, transparency, and integrity!

To trace the story of CLMC, the team undertaking this project formulated a set of questions for every stage of the formation and development of the firm. These questions served both as learning resources and as organizing threads to weave the bits of recollections and reflections in order to document the unfolding events that took place.

Many questions may come to mind to a curious reader and learner of organizations. Firms and organizations today come and go. Some fade away shortly after birth. Others carry on in an uneventful process. Still others grow and over time become big and continue to be successful. But one or two may catch the eye of many who ask the question – how did that firm rise to such a status in so short a period of time? The story of CLMC is such a company that may be worth your while for reading and learning.

Salamin Building at 197 Salcedo St., Legaspi Village, Makati City, Philippines

CLMC – An Image of a Corporate Living Organisms

Organizations today are no longer viewed simply as an inanimate mechanism used to support and achieve the business or service goals of entrepreneurs. Neither is an organization considered only as an aggregate of people bound by social norms and shared values/affiliations. Gareth Morgan's[1] view on new mindsets for seeing, organizing, and managing organizations has given credence and guidance to studying and understanding organizations from various "images." He has expanded the understanding of organization beyond the concept of it as "machines." To ask how CLMC had grown and evolved to what it is today implies that CLMC needs to be viewed as an "image" of a living organism, which is linked intimately with natural and biological systems in the "web of life" or "ecosystems of the world" as Capra[2] would describe organizations.

Thus, the study of CLMC as an organization takes the view that it is a living organism, a complex adaptive system. It is developing, evolving and transforming in ways that one has to discover, decode, and discern from the stories and reflections of those who gave it life. To trace and describe CLMC as a dynamic organism, unfolding and evolving in its potentials, is a story to read, to learn, and to appreciate. It started with only 12 people at the Penthouse of Salamin Building. No one ever expected or dreamt that CLMC would rise in pace even after three years from the start gaining visibility marks in the industry with increased clients and substantial growth in professional manpower. This was even more remarkable to see CLMC as ONE among the **Big Four** professional services firms in the country, a position achieved and sustained in visibility at the time when the founding partners took their retirement. CLMC had achieved a level of excellence and prominence for itself and in relation to its counterparts in the industry. How, then, did the firm make it from its humble beginnings to the status it was able to

1 Gareth Morgan, *Imagin.i.zation: New Mindsets for Seeing, Organizing and Managing* (San Francisco: Berrett-Koehler Publishers, Inc., 1997).

2 Fritjof Capra, *The Web of Life: A New Scientific Understanding of Living Systems* (New York: Anchor Books, 1996).

attain? How did it all start? What was the birthing process like and what was the backdrop of the birthing process?

The Timely Breakout

The decade of the nineties was characterized by unprecedented changes at the global and national levels of life, speeding in pace never before experienced in the business and service organizations. The collapse of the economies in the Asian region triggered by the "burst of the Bangkok bubble" in 1997 was one dramatic change that caused debilitating effects in all other countries affecting business, trade, politics, and many other sectors in society. This change affected business growth, social and professional relationships, corporate and institutional alliances, customer relations, and entrepreneurial opportunities. The industry of consulting and auditing practice was not spared from the impact of such a change.

At the outset, it is good to note that the "breakout" of Conchita L. Manabat, the Founder/Chair of CLMC, from her former accounting partnership (Laya Manabat Salgado & Co.) to "break new grounds" on her own, took place at the tail end of the last decade of the 20th century. It could be said that her decision was propitious and timely. It was one of the greatest challenges any vision-driven executive could have faced.

Was the founder/chair of CLMC vision-driven? Surely she was. Definitely she was and still is, as her colleagues and subordinates would often refer to her as **"the visionary."** But at the start, it must have been latent in her mind to pursue a different arrangement and function where she would have the freedom "TO BE or NOT TO BE" by her own choice. It was like seeing the moment of truth either "to grow or die," in the language of George Land[3], referring to the natural phenomenon of change in nature. TO GROW, for Conchita then, was to go where her "vision" would take her, a vision so compelling and contagious especially when shared with those who resonated well with her passion and clear sense of direction.

According to Toffler in his book "The Third Wave,"[4] the information age in the nineties came to maturity in its impact on business and on almost any aspect of life. This meant that at that time, the flow and use of information through the use of advanced information, communication, and technology had impacted on business decisions and events faster than before. It also meant a clear demand for organizational leaders/managers to uphold, adhere and protect personal integrity and transparency in leading and managing organizations. Having taken a bold step in founding CLMC at the prime stage of the decade of information, the shifting array of forces affecting the major players in the industry could not have been anything but the best timing, a "carpe diem" move "TO BE."

The Roots of Change

After the major political upheaval in the country in 1986, when the Marcos regime collapsed with the EDSA 1 People Power movement, Conchita found her associations with the business of the old dispensation as nagging areas of concern. Trusting in the advice of Mr. Jaime C. Laya, a former University of the Philippines professor and one who was well-known in the business and cultural circles of society, Conchita accepted the offer to enter into a form of collaborative arrangement with Mr. Laya's firm, J.C. Laya & Co.

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[3] George Land, *Grow or Die: the Unifying Principle of Transformation* (New York: John Wiley & Sons, 1973).

[4] Alvin Toffler, *The Third Wave* (New York: William Morrow Co., 1980).

The "Prequel" To CLMC: the LMSC Years

After a few years of establishing Laya Manabat Salgado & Co. (LMSC), Conchita found herself at the helm of the practice assuming the role of Executive Partner of the firm. In 1988, when there was yet another shifting of the global accounting practices, LMSC was approached by Ernst & Whinney (E&W), one of the ***Big Eight*** *global players and whose requirements were previously being served by the biggest local accounting firm Sycip Gorres Velayo & Co. (SGV), to represent E&W in the Philippines. About eighteen months earlier, another* ***Big Eight*** *player, Arthur Young (AY), also ceased its Philippine representation by SGV and appointed another newly-established accounting firm, Punongbayan & Araullo (P&A), as its Philippine representative.*

There was again another movement in the global scene when E&W and AY decided to merge to become Ernst & Young (E&Y) in 1989. As a result, the Philippine representatives of E&W and AY started to discuss likewise the possibility of a merger but the talks did not prosper. P&A successfully got the E&Y representation while LMSC decided to be on its own for a while.

Conchita later thought of introducing LMSC to Grant Thornton International (GTI), a second-tier international accounting firm (one of the largest tier-two firms in the world at the time but outside of what evolved into the ***Big Six*** *after certain mergers within the* ***Big Eight****). For years, Conchita had been acquainted with GTI, particularly with its Hong Kong office, stemming from her past connections and business transactions. GTI had been advisor and service provider to some of Conchita's consulting clients with overseas operations. GTI was willing to talk and appoint LMSC as its new Philippine representative. Consequently, LMSC was appointed as a GTI correspondent firm in 1993 and remained so until events would again redefine the course that Conchita's career would take.*

In 1995, a major upheaval in the local accounting industry took place. At the start of the year, trouble was brewing within one of the local accounting firms. That firm, where Conchita started her professional career as a fresh college graduate, had been in the business for a number of years and was considered one of the leading local accounting firms.

This large accounting firm was then representing no less than Coopers & Lybrand (C&L), the third largest global accounting firm of the ***Big Six****. There was unrest among the majority of the firm's partners and it reached its boiling point around the middle of the first semester of the same year. Unable to reach a mutual understanding with the firm's leadership, a group of partners decided to form a new entity and claimed all the rights of the original partnership including the C&L representation. This led to the confusion in the marketplace and to the exasperation of C&L in dealing with "two firms" (the "original" one, and the other, the "break-away" firm), prompting it to scout for other alternatives.*

C&L eventually found its way to LMSC and negotiations for a transfer of representation started. LMSC was able to convince C&L of its worth as a Philippine representative. Thus in 1995, LMSC was declared C&L's member firm in the Philippines. Despite the significant challenges, C&L clients started migrating to LMSC. The former C&L representation (both "original" and "break-away" firms) did its best to prevent client *transfers by launching a campaign to retain C&L clients, at least for another audit season. In the meantime, LMSC doubled its staff toward the end of the year to be able to handle the growing migrating clients.*

Conchita's significant role in this turnaround, in winning C&L accounts, in expanding the practice and establishing the needed infrastructure within LMSC, did not go unrecognized by C&L. When Conchita decided, in 1996, to leave LMSC to move on, C&L offered her to lead the Philippine branch of its consulting practice. She seriously considered this offer for a while attempting to learn C&L's consulting organization, meeting with their representative and initially serving some of their accounts. After some discernment, she decided to be on purpose and left C&L for the second time.

The evolving external and internal environment that seemed to have shaken and shifted the core values of integrity, independence and individuality, became to Conchita, a real moving force to change. The years of professional practice and network under the conventional arrangement no longer was relevant in upholding the principles of integrity, individuality, and institutionality. It came to a point where a major choice had to be made. It was the time "TO BE" and move on.

The "Dolphin" Choice

"To Be or Not To Be" is a matter of choice. In fact, in all of life, this is a moment to moment decision. When one comes of "age," one faces a defining moment of choice. To stay "at home" and "in a comfort zone" or "not to be" could be one choice. For a "dolphin" thinker, this is not the choice. To Conchita, "TO BE" or to start her own business was her defining moment, a choice for the future. In fact, when asked on her reflection on this, she readily responded: "I had a business to start." This was her "dolphin" choice as Dudley Lynch[5] would call an intuitive sense being acted upon, clearly on purpose and anchored on core values. Lynch further says that, a dolphin thinker makes choices on "porpoise" or on purpose. This was the case of CLMC.

While the power of purpose could have been the underlying energy, the power of principles propelled Conchita to find or create new grounds where the rules of the game would be within her capacity and capability to create and to manage. To her mind, there was no need to argue or negotiate under the old arrangement, as it would have been "doing more of the same." To Conchita then, it was time to initiate, break into new fields, create and explore a new playing ground. The field was wide open to build clients, to market her services as well as to explain her view of the market. With this resolve and realization, friends affirmed and supported her move and her choice.

And so it was. Conchita decided to "break out and break free" to start her own practice, initially a consultancy firm. This area of expertise was within her professional capability to provide, while she remained open to building the audit and accountancy practice. Those who knew and worked with her in the past at LMSC and were seeking also similar opportunities "To BE" and "To Become" decided to join her. These included Luz Bernardo and Diane Yap, who both eventually became partners at CLMC. Those who joined her shared the same desire "TO BE" and to grow in the profession with and in CLMC.

[5] Dudley Lynch and Paul I. Kordis, *The Strategy of the Dolphin: Scoring a Win a Chaotic World* (New York: William Morrow & Co., Inc., 1988).

Luz Bernardo Joins Conchita

For Luz Bernardo, initially it was to be in another practice, the practice of consulting, an area which was new to her and something she wanted to explore as a professional. She said that "This was strengthened by the belief in Ms. Manabat's leadership that she could do it successfully no matter what, coupled by the desire to help her out. It was without regard of the uncertainty and that there were no clients to speak of when the consulting practice started. There were no illusions of getting big either. It just wants to do something one wants to do."

Serendipity: No Happenstance

While Conchita was undergoing her transition, she realized that she needed a partner with audit experience to start the business. This was upon the advice of Grant Thornton International which was looking favorably on the path which Conchita took. To her, this was of paramount consideration in starting and building the firm. By sheer serendipity, someone referred Manuel O. Faustino to her. Manuel, at that time was the Managing Partner of a local accounting firm that had earlier experienced a huge set-back. There, he was confronted with a situation where he had to address the issues in the firm which suffered a "*coup d' état,*" a split with the breakout of the majority group of partners and staff and the consequent loss of virtually all its clients and the withdrawal of its foreign affiliation. With the firm having been reduced to a skeletal force, Manuel was tasked to revive the practice. Realizing that it did not have a strong consulting practice, he thought of forging an alliance or collaboration with another consulting firm to help rebuild its consulting/management services. Unknown to Conchita, someone suggested to Manuel to speak to a lady by the name of Conchita Manabat. He thought that Conchita would be a logical choice because Conchita started her consulting career at that same firm.

Manuel Faustino Joins Conchita

Manuel would later reminisce: "I did not know her (Conchita) and neither did she know me. A friend of mine, who had heard of her, said "you must be brave to seek an arrangement with her as she will 'eat you alive!'" Still another friend said that she is the right person to seek collaboration with, as she started her career there (Manuel's firm) upon graduation from the University of the Philippines and was close to its founder. Therefore, both she and I would have something in common to work on."

The first meeting of Manuel with Conchita sometime in May of 1997 was meant for destiny, as Manuel would narrate in retrospect. He clearly recalled that he came with simply the main purpose to consult with Conchita on his concerns, but at the end of the consultation and in a private conversation that immediately followed, he found himself being invited instead to be a partner in the accounting firm that Conchita was forming. It was like serendipity at work and the purpose that Manuel started out to do was diverted to a different channel. He had no idea that it would spark a new engagement. The offer was made and it was a shock for him to realize the import of the invitation. He begged for time to think and asked for a year to decide, as he thought he was not yet ready to leave the monumental task he still had to accomplish in his company. In the months that followed, he thought about his conversation with Conchita and the offer.

However, in less than a year (six months to be exact), Manuel's cell phone rang and the question on the other side of the line was: "Are you ready?" It sounded like a clarion call. He was told that C. L. Manabat & Co. had already been registered, had obtained an affiliation as a correspondent firm of an international accounting firm (Grant Thornton International), and had taken on a first client.

Manuel Recalls

"When I first met Conchita, I thought it was 'destiny' or 'meant to be'. I wasn't able to sleep. What is this that made me restless? I had to do something. So even if I said to her to give me a year to decide, on her next call a few months later, when she said 'Are you ready?' …without thinking, I just said 'yes'."

Manuel further relates, "I recall Conchita telling me. 'I only ask of you two things: do not cheat and do not lie. If you can be true to that, we'd get along fine,' I then immediately thought: if the firm can provide opportunity and employment to people, then it's a go."

Looking back at the scenario, Conchita was looking for an Audit Partner, while Manuel was looking for a Consultant and the two complementary needs met. Thus, CLMC was born.

Reflection and Insights: Lessons to Learn

In retrospect, any student of organization could say that the climate of change in the task environment was present. It was the best moment for any entrepreneur to sense the opportunity for change. The climate was right, ripe, and ready for change.

Two professionals, who never knew each other, were seeking their own respective calling. Out of the need and desire "To Be" and to do their best, their meeting was sort of propitious in that they found their chemistry in values of integrity and respect, individuality and honesty.

There is value in "sensing" the moment and of drawing "meaning" from the inner promptings of the heart or spirit, so to speak. If one were to analyze these events from a logical perspective, one would not be able to act decisively or logically as one would question: why act on "matters that matter" on a "sense meeting"? This is lesson number one on serendipity. When one is concerned about "things that matter," serendipity is the rule of the game. Seizing the moment or "carpe diem" would make a difference. As Dudley Lynch and Paul Kordis put it in their book *Strategy of the Dolphin*, "act before you strategize."[6] And so Conchita and Manuel did at their own defining moment.

And so it was that one had a vision and the other had the compassion, both equally compelling to create a firm that would make a difference. If Conchita and Manuel had made a "blood compact," it would be the promise to maintain ***integrity and honesty*** with each other! It was a shared and common value, with a vision that drove the forces to converge and to form CLMC. At that time, without the two fully realizing the significance of the "sense of meeting and agreement," a "Star Firm" was born. Little did the founders realize that they were heading for the "STAR" and how appropriate and symbolic it was that the firm started at the top of the building, the Penthouse of Salamin Building on 197 Salcedo St., Legaspi Village, Makati, Philippines.

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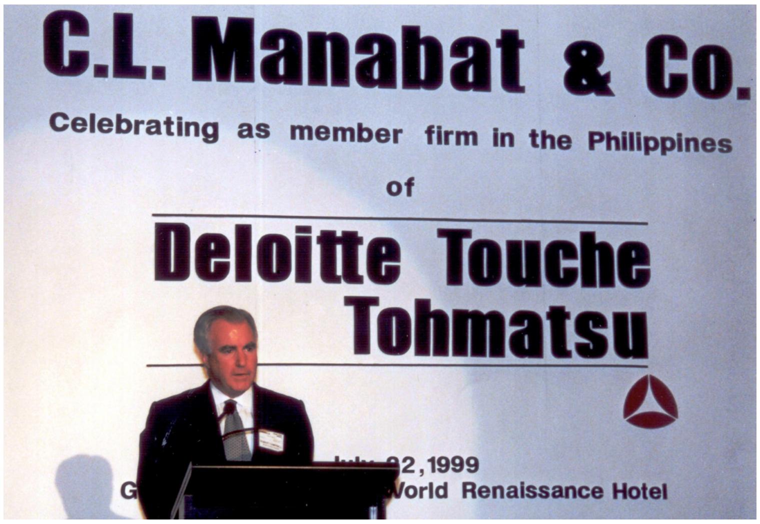
[6] Lynch and Kordis, *The Strategy of the Dolphin: Scoring A Win a Chaotic World*. (New York: William Morrow & Co., Inc., 1988).



Deloitte Asia Pacific CEO Robert A. Campbell delivering a speech during the launch of C.L. Manabat & Co. as Deloitte Touche Tohmatsu member firm in the Philippines

In the spirit of the Dolphin, Dudley Lynch and Paul Kordis[7] have this written at the end of "*The Dolphin Thinker*" Handbook:

> *"And so, in finality, the ball is in your court, which is where, in reality the dolphin will always want it. In such circumstances, you are free to act, and this is the ultimate freedom in rapidly changing times. In the end, then there is mostly the need for commitment, which is the subject of one of our favorite pieces of motivational literature. We offer to you in the spirit of the Dolphins:*
>
> *Until one is committed*
> *There is hesitance, the chance to draw back,*
> *Always ineffectiveness.*
>
> *Concerning all acts of initiative (and creation)*
> *There is one elementary truth,*
> *The ignorance of which kills countless ideas*
> *And splendid plans.*
> *That the moment one definitely commits oneself,*
> *Then Providence moves too.*
> *All sorts of things occur to help one*
> *That would otherwise never have occurred.*
> *A whole stream of events issues from the decision.*
> *Raising in one's favor all manner*
> *Of unforeseen incidents and meetings*
> *And material assistance,*
> *Which no man (or woman) could have dreamt*
> *Would have come his way.*
> *I have learned a deep respect*
> *For one of Goethe's couplets:*
>
> *Whatever you can do, or dream you can … begin it!*
> *Boldness has genius, power and magic in it."*
>
> *- W. N. Murray*
> *The Scottish Himalayan Expedition, 1951.*

7 Dudley Lynch and Paul I. Kordis, *The Dolphin Thinker* (Fort Collins, Colorado: Brain Technologies Corporation, 1989).

Chapter 2

PERSPECTIVES AND PROCESSES OF FORMATION

Ways of Being

"Nature! We are surrounded and embraced by her: powerless to separate ourselves from her. She has neither language nor discourse; but she creates tongues and hearts, by which she feels and speaks. She is all things."

- Goethe

The CLMC Firm

CLMC at birth was one small firm in the industry, born out of a defining moment in time, at the tail end of the Asian Crisis in 1997. What was the organizational life the firm was pursuing? What energy did the firm possess at the birthing that propelled it to survive, to thrive, and to flourish?

The Organization as Organisms in Formation

Organizations as human social systems are corporate persons.[8] Like persons, they undergo stages of growth and formation. They are conceived and are born. Then they undergo formation that would support the business activity. Likewise, they carve a corporate identity to operate and sustain the business enterprise. In a family business, the organization revolves around the "father-founder and the mother-treasurer" with the children, if already of age, helping out in the business operation. The organization in a family business is a "family affair" for a time until a more "formal or organized" arrangement emerges out of a critical need to get "organized."

While CLMC was organized as a "corporate" partnership, the partners and staff that made up the organization formed, organized, operated, and managed themselves also like "a family." All those who were with CLMC at the start and who have remained in the firm up to this date used this metaphor of a "family" to describe what the firm was like then and now. A number of professionals who stayed on with the company identified the "sense of belongingness like in a family" as one reason why they remained in the company.

More important to the organization were the visionary leadership of the Founder and Chair, and the complementary and supportive roles of the other founding partners. While it had the semblance or the "feel of a family," CLMC had blossomed into a full blown "corporate family." From its birthing at the penthouse of Salamin Building to its "toddler and adolescent" stages, then occupying the 3rd, 4th, 5th, 6th, and 7th floors of the same building, the evolving pace came so fast, so much so that the distinctive features of one stage to the next could barely be discernible. Shortly after birthing, CLMC was chosen in June 1999 to be the member firm of the international accounting organization, Deloitte Touche Tohmatsu (DTT).

[8] Antonio C. Roldan and Perla Rizalina M. Tayko, *Organizational Geriatrics: What To Do With Aging Organizations* (Organization Development Journal: Vol. 9, No. 4, Winter 1991) pp 55-64.

DTT, at the time, was the fourth largest of what evolved into the global "**BIG FIVE,**" which eventually became currently the second largest of the global "**BIG FOUR.**" As given in Ichak Adizes'[9] definition, the transition pangs from one stage to the next were fast-tracked so that the organization evolved and grew "in sync" with the winds of change!

To verify the issues inherent at the forming stage (and the other issues at different stages of the firm's growth), a perceptual survey was conducted across the firm. The results represented the responses of employees from the different departments (Audit, Tax, Consulting, and Administration). The survey also covered employees with ranks from Assistant Manager to Partner, most of whom had been with the firm for at least two years while some had been with the firm from its inception. The results of the survey revealed that the majority of the respondents either strongly agreed or agreed to the following items as indicative of the firm at the forming stage:

1. When CLMC started, I strongly believed in our products/services and that we would succeed in our firm.

2. At the start, our main concern was simple – to explore and expand our reach to as many clients as we could.

3. When we started, it was important for us to experiment by attempting all manner of things to find what succeeds/fails.

4. What matters to us at the start of the firm were to connect to as many clients we could reach to serve.

5. While cash was a major concern, in the beginning, our major drive was to be creative, inventive, and imaginative in reaching our customers.

6. After taking off in our operation, we realized the need to shift to a workable pattern in order to grow in most efficient and effective ways.

The responses confirmed the normal issues and concerns experienced by the organization at the first stage of formation. These revolved around cash flows, reaching and finding customers, and management as being inventive, imaginative, and explorative to find a doable pattern of success. These indicators are consistent with what Adizes, Land, and Jarman identified in their study of organizations at the birthing and forming stages.

Perspectives of Formation and Development

As living organisms, organizations grow, develop, function, produce, and evolve in time. Like human beings, they undergo similar stages of development. Adizes calls this "corporate lifecycle."[10] He used terms like "courtship," "infancy," "toddler" or "go-go," and "adolescent" to identify the growing stages. He used the term "prime" to identify the maturing stage. The peak stage is called "stable" which he defined as an indicator of danger and impending decline where growth is no longer happening. The aging stages are called "aristocracy," "early bureaucracy," "late bureaucracy," and finally "death."

As organizations are composed of persons in corporate relationships, the changes in the lifecycle are understandably akin to the lifecycle of a human person. Adizes has clearly described the dynamics of formation and development of organizations from the perspective of human beings as social systems. However, in the growth and expansion of

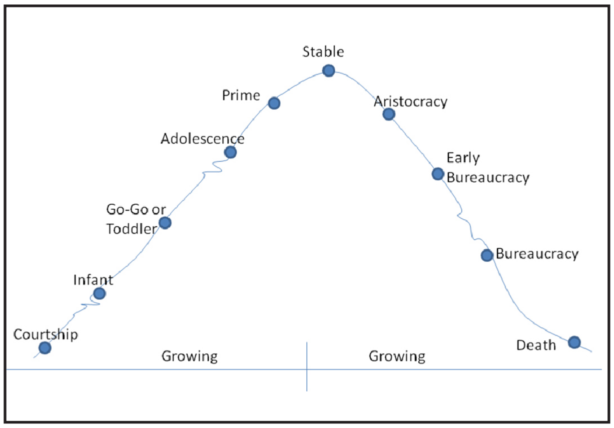
9 Ichak Adizes, *Corporate Lifecycles: How and Why Organizations Grow and Die and what to do about it* (Englewoods Cliffs New Jersey: Prentice Hall, 1989).

10 Ibid.

CLMC in less than 10 years, the fine lines between these different stages from birthing to prime were barely visible. The growth was managed so well by the leaders of CLMC that the transition pangs did not deter the organization from excelling. This resulted in the company being visible as one of the BIG FOUR in the country at the time.

The Interrelationships of Dual Factors

To Adizes, the movement from one stage to another in the growing, maturing, and aging processes is determined by the interactive influence of corporate roles of functioning as "entrepreneur," "administrator," "performer," and "integrator." He identified two major interrelated factors, namely, "flexibility" and "controllability" that would influence the performance of these roles and, consequently, determine the growing and aging of organizations. Adizes viewed a young organization as more flexible and less controllable than an older one. He used the "baby" and "older person" in juxtaposition to the extent of flexibility and controllability of movements. He further illustrated that when these two factors are at manageable levels, the organization can be considered "prime" or mature. These stages are illustrated as a wave in the graph below:



Each of the above stages of the corporate lifecycle is identified and defined by a definite orientation, focus, priority, style of relationship, and expected results as performed by the most functional corporate roles at a particular stage. Using this theory to assess how CLMC managed the formation processes from birthing to growing and then maturing, the time element that defines "being a young or a baby" was rapidly accelerated. CLMC grew fast to "adolescent" within a year and a half after birth and soon to "prime" in two to three years when CLMC became a DTT member firm. How did CLMC as a "living corporate person" perform? In the perceptual survey conducted, the CLMC respondents were asked to confirm certain statements and the majority of them either strongly agreed or agreed to the following items which were indicative of issues at the corporate growth stage:

1. When the number of staff expanded, it was important already to set policies and procedures to get best practice established.

2. The rapid growth of our operation puts the firm to plan, organize, provide, and measure our tasks for predictability and controllability.

3. To keep CLMC growing, the organization had to achieve uniform methods for efficiency and effectiveness.

4. When CLMC expanded due to the migration of professionals from the former DTT representation to CLMC upon the instance of DTT, the compensation/reward system had to be standardized and quantitative measures were used to judge the health of the system.

5. Organizational internal priorities, resource allocation, and political problems characterized the second stage of growth of CLMC.

It was evident that the four corporate roles, namely: (1) the entrepreneur/visionary/strategist, (2) the administrator/manager/ controller, (3) the executive/performer/doer, and (4) the integrator/ developer/ supervisor were all put to task and were functioning well. In other words, the integral "corporate functioning" of these roles were equally given attention to or at least attempts were consciously made to address the issues inherent in each of these roles. Leaders/partners/managers were purposively "conscious" in addressing issues and managing the organization through the team process approach as they were driven by their commitment to excellence and innovation, anchored on its core fundamental values of integrity and quality. The following events were examples of how CLMC carried out the "corporate roles" that propelled them to manage the changes in a speed and in sync with the demands of the growing business and its clientele:

- When the need to expand or merge with another accounting firm then representing an international Big Six firm in 1998 came, the visionary/strategist was at the helm driven by a clear purpose/vision/mission. The outcome was that CLMC absorbed a portion of the former Big 6 representation rather than be absorbed by the latter. The Founding Partners told their stories, vision, and values during informal meetings and during lunch hours among themselves and with the staff.

- A seminar/workshop was held in June 1999 to address the need to integrate, consolidate and build a common culture among the two groups of staff coming from two different orientations. The workshop dealt with the Organizational Development/Culture Building Process. The nurturing process of team functioning was sustained as consistently as possible at work, in the office, and in the field with clients.

- When targets were set and pursued to win clients and deliver services, the partners attended to developing/acquiring new assets/ hires of qualified and competent staff. These hires were made to adhere to standards and quality measures to deliver quality service.

- When infrastructure was needed, i.e., expansion of work space, use of information and communications technology and other equipment needed to be efficient, effective, and top notch in the delivery of services – all efforts were creatively harnessed to provide the needed resources to do excellent service. For example, a staff to computer ratio of 1:1 was the vision from the start and was achieved in no time, a great feat for a startup practice.

- When quality control and measures were needed to ensure quality service, the system was put in place. Seminars and training programs, simulations, and practice sessions were conducted periodically and persistently to develop and achieve quality service. This was in keeping with the compelling demand and requirement of being an international partner of a Big Four accounting organization serving international clients.

- When human capital (the professional and technical capability) was needed, the HR Department was up to the task of doubling and tripling, even quadrupling the staff complement of the firm in five years.

- When an effective practice management was needed to monitor efficiency and profitability, the firm relentlessly pursued the acquisition and use of software technology. It also facilitated the process of capturing real-time data from the practitioners and producing the needed reports for management.

- When skills were needed to be further developed, the firm endeavored to develop and establish structured learning programs, hire competent facilitators, send trainees abroad for further learning, and adopt available best practices in learning. Recognizing the value of a person's own initiative for improvement, the firm developed and implemented incentives for pursuing higher studies, certifications, and qualifications.

All these examples of events and processes were illustrative of the attention given by the four corporate functional roles played out by the leaders/partners/founders. Not one role was taken for granted or allowed to slacken. There was conscious processing and thinking at all times which can be called the integral functioning corporate roles of the organization.

The Dialectic Interactions of Life Forces

But unlike human beings, the pace of development in corporate lifecycles is not marked by definite chronological and physical age of maturation but by the dynamic dialectic interactions of energies which Roldan and Tayko (1991) referred to as "life forces." These are distinguished as "WANTS," defined as visions, dreams, and expectations; "CANS," defined as energies, capabilities, and capacity; and "MUSTS," defined as responsibilities, taboos, and norms. The interactive relationship of these three life forces is so dynamic that the growing process can take place in a short time as was the rapid growth experience of CLMC. When the "WANTS" are matched with "CANS" in creative ways so that the organization is able to pursue what it wants to do, as well as to harness resources to meet the demands of a young, growing, expanding firm, then the pace of development can indeed be phenomenal.

In June 1999 when CLMC became a DTT member firm, the personnel staff of CLMC was almost 50. This almost doubled straightaway following the migration of about 35 professionals from the former DTT representative firm in 1999 and quickly growing to about 300 in number in the next three to four years. The firm had ballooned to a number twice as many every year. It was indeed a real challenge keeping the "sense of family" among the new hires. It was impressive how the partners and everyone in the firm were able to manage the fast-paced growth of CLMC. How did this come about? It became evident from the testimonies in a focused group interview conducted to support the perceptual survey that the dynamic forces of "Wants," "Cans," and "Musts" were managed purposively, creatively, and consistently. CLMC took its learning curve by storm in the winds of change, that the growth became phenomenal. There was a conscious processing of what were the "WANTS" of the organization.

This meant a purposive effort to utilize all the generic functional roles of the "living corporate person" to perform in coordinative and collaborative processes to operate as "whole systems." There was conscious process thinking at all times leading to what is called integral functioning.

"CANS" and "MUSTS": Training and orientation sessions were afforded at every turn not just for technical and professional skills but also for cultivating the sense of spirituality and clarity of purpose among those who led the organization. "*Each day is a gift from the One who knows exactly what we need.*" This was a statement printed on the first anniversary issue of *STAFF BITS*, which conveyed the underlying belief and mindset of leadership and management.

CLMC had in the early years, a major client which was the local franchise holder of a leading international hamburger fast food chain, which provided the structure for CLMC to follow. Thus, one Partner took care of marketing and winning the account, the other did the recruitment and hiring, while others carried on the tasks with the clients. While the cash flow was low at that time, there was no shortage of talent. To address the imbalance, the leadership created and provided opportunities for the staff to be trained and exposed to overseas assignments. Linkages were made for such purpose. The leaders had to find creative ways to meet the demands and challenges of this set-up.

Conchita Remembers the Early Years

In 1997, when CLMC was still being conceptualized, three senior audit resources (Marites Buenaventura, Melissa Sanchez, and Bernadett Sanchez) from the former LMSC firm, sought Conchita and expressed their interest in joining her practice. Conchita's previous firm had undergone changes in management and practices after her departure. Not being comfortable with the changes that took place, these resources naturally sought the previous management.

This put Conchita in a dilemma, as the existing work volume then was not enough to keep these people busy. In fact, there was no audit work yet. She however, felt a moral responsibility to take care of former colleagues and provide them with a new "home." She took them in, inspite of the dilemma. "We had more staff than work to do," Conchita would recall.

Eventually, she found a solution in sending them to overseas assignments, with the help of Grant Thornton International (GTI), CLMC's first international partner. Conchita thought that this would keep them occupied while the foundations for CLMC were being built. This would also give them the proper training and exposure. Thus, Bernadett was sent to the GTI office in the U.S. for more than a year, Marites to the U.K. for eight months, while Melissa, along with Ofelia Gamad, who was also formerly connected with LMSC as manager, were assigned in Singapore for six months.

Evolution of the Partnership

Beginnings

Conchita, in 1996, decided to leave her partnership in Laya Manabat Salgado & Co. (LMSC), a firm which she helped to build and grow. She then re-established her consulting practice and operated under the company name, First Philippine Consultants, Inc. (FPCI), together with Luz Bernardo and Diane Yap.

When the opportunity to establish an accounting practice came, she had the firm C. L. Manabat & Co. (CLMC) established and registered in November 1997 with Virgilio Ramos as her initial (transitional) legal partner. Manuel Faustino then joined and replaced Virgilio as a partner. The two firms, while separate legal entities, operated as a team: CLMC took care of audit services and FPCI took care of consulting and non-audit services. In 1997, both firms were appointed as correspondent firms of Grant

Launch of the CL Manabat & Co. as Member Firm of Deloitte Touche Tohmatsu

Thornton International (GTI). Shortly thereafter and upon Manuel's invitation, Ophelia Jimenez, who was Manuel's former colleague and tax practitioner in another firm, joined the team as Tax Director of FPCI. The group realized the need for a tax practice to support the services provided in audit and consulting engagements. The three heads of the service lines (audit, tax, and consulting), while having different titles, were considered as "Partners."

The Getting Together

At DTT's suggestion, negotiations for the merger of CLMC with DTT's former representation started. While this was ongoing in 1998 and 1999, Conchita realized that CLMC needed to have a more stable and complete practice. That means rendering the full suit of services: Audit, Tax and Consulting Services. To show strength particularly in Audit and Tax, Conchita invited other partners to join her team, one for audit and two for Tax. For audit, Rolando Santos, who was a former audit partner at LMSC, joined the team. For Tax, Conchita invited the firm of Leynes & Associates, through its Managing Partner, Jose Leynes, to merge with CLMC. They agreed and two tax partners became part of the team; namely, Jose Leynes and Ma. Lourdes Guillergan. Thus the firm had a force of seven partners with Conchita as Managing Partner and Jose as Deputy Managing Partner and Head of Tax when the firm was in full negotiations with DTT's former representation, and simultaneously when the practice was subjected to a due diligence review, and finally when CLMC was appointed as member firm in 1999. Ophelia, Luz, and the rest of the staff under FPCI were now also officially integrated into CLMC.

As a result of the foregoing events, three partners from the former DTT representation, Angelito Cu, Mamerto Jayco, and Ofelia Barroga, along with their staff of about 35, migrated to CLMC. Thus by June 1, 1999, when CLMC became officially a member firm of DTT, CLMC had 10 partners and a staff complement of about 85.

Falling Out

After barely a month, Ofelia Barroga decided to return to the former representation. The partners were then nine when the membership with DTT was launched and publicly announced in July 1999 at cocktails held in New World Renaissance Hotel. To quote from a memo of Conchita dated June 25, 1999 addressed to the partners and DTT's expatriate consultant to the Philippines, John Jake Killeen, regarding Ofelia Barroga's departure from CLMC:

> *"The dust has not yet settled…. When things have settled and the ripples are gone, what remains are what we need to move as one. I promise everyone that we will move on and we will make a difference. We just have to be together and do our best!"*

In the beginning of the new representation with DTT, the partners had difficulty in getting immediate financial support to cover the increasing overhead of a growing manpower and infrastructure. The higher costs were necessary to prepare the firm for the coming busy tax and audit season, and breaking through to obtain that immediate support was as difficult as "having your wisdom tooth pulled out," to quote one partner. The launch and public announcement of the international firm's appointment almost did not happen in July 1999 due to delays in arrangements with the international firm. Conchita financed the firm's requirements until the subsequent complements came several months later.

After the announcement, sustaining the international support for the firm became the main challenge. The partners had gone through several negotiations and meetings with the foreign officials. Some of the partners were becoming restless as their expectations were not being met. The negotiators from the international firm's panel were also changed several times. In all these scenarios, the driving motto among CLMC partners was, "we are all for one and one for all." This encouraged the group to stay together despite the challenges.

Nonetheless, these challenges and the pressures of negotiations were complicated by the unfortunate departure of the Leynes group from the firm in February 2000. Jose left together with Lourdes and the rest of his staff from the Tax group. Only Ophelia and a senior, Ana Liza Tan, were left in the Tax Group to brace for the 2000 tax season, the first for CLMC as a DTT member firm. Ophelia had to assume full leadership of the Tax Group.

On the firm's first audit and tax season as a DTT member firm, it was critical to fill the void left by the Leynes group. Conchita turned to a good friend at an established law firm for support. CLMC successfully forged an alliance with The Bengzon Firm (later known as Jimenez Gonzales Liwanag Bello Valdez Caluya & Fernandez, or JGLaw) to assist CLMC on tax and legal matters. The alliance worked and continued for another year as CLMC transitioned and re-established its tax practice. Conchita also had to double as a tax partner to help Ophelia. Then the Tax Group started to hire new staff and tax practitioners including Luis Manabat (upon Manuel's invitation, as Luis was his former colleague at a school in Binan, Laguna where Manuel was teaching part-time at the time) who joined CLMC as a tax manager in June 2000. Luis eventually became a tax partner in 2002.

CLMC Founding Partners
L-R Mamerto D. Jayco, Luz A. Bernardo, Angelito D. Cu, Conchita L. Manabat, Manuel O. Faustino, Ophelia G. Jimenez

Conchita, reflecting on the parting of ways with the Leynes group as well as on the rebuilding of the Tax Group, said,

> *"When we started the Deloitte representation in 1999, we merged with a small tax and law practice, which provided us the "strength" in Tax. Unfortunately, there was a parting of ways in the first quarter of 2000, the first tax season of the new Deloitte firm. The regional office was aware of the circumstances surrounding it and extended moral support. The tax practice was left with only one tax partner, Ophelia G. Jimenez, plus a senior and three juniors. We then quickly forged an alliance with a law firm for support and I did double duty in tax."*

The same year was focused mostly in winning the bigger accounts of Deloitte from the competition. One of these was a Fortune 500 leading multinational company catering to consumer products, a formidable account then being served by the largest accounting firm in the country. The partners spent months wooing the client by proving the firm's and its professionals' capabilities. With the support of the DTT regional office, CLMC was successful in convincing the major consumer products company to engage CLMC to handle its audit for the year end of 2000.

This win was not without its challenges and casualties. One major set back was Rolando Santos, who was the partner assigned to handle this major account, chose to leave CLMC as it was about to clinch the win. This happened around the 3rd quarter of 2000. Thus, the partnership eventually settled to having six partners (Conchita, Manuel, Angelito, Ophelia, Mamerto, and Luz) who were committed to supporting one another and being true to the motto of "one for all and all for one."

Settling Down

For the next two years, the firm settled to having six partners, who became the core pillars of the practice. Each partner assumed a client servicing function as well as an administrative function. It was not unusual for a partner to wear several hats and juggle responsibilities, each one contributing to strengthening his/her respective functions and building the blocks of CLMC's foundations.

Most of the firm's policies and basic principles were established around this time. The firm operated on a matrix structure, a partner having one or more responsibilities. Administrative functions were divided *amongst the six partners, each one usually working in tandem with another. The partners believed in always having a backup or understudy for every assignment. Each of the four areas of corporate functioning was focused on: people, clients, finance and the organization. Policies and practices were strengthened to include human resource, client management, quality control and risk management, practice management, accounting and finance, and other related areas.*

One partner commented:

> *"One felt like a circus juggler attending to several responsibilities all at once. It was not easy and one would usually wish he or she could have done better if given more time and more resources. One could only do one's best and under the circumstances, the results are probably as good as one can get. On the other hand, it has also been most fulfilling to have accomplished so many things with limited resources and in such a short period of time. As the firm continued its fast growth, we knew we needed more hands. But growing and maturing takes time and effort."*

In 2001, Conchita proposed to elevate Manuel to the position of Deputy Managing Partner and, in keeping with the firm's matrix structure, simultaneously as Head of the Audit Group. The consulting group which was renamed Management Solutions Group (to include Financial Advisory Services, Business Process Outsourcing, Enterprise Risk Services and other consulting services) continued to be headed by Luz, while the Tax Group was led by Ophelia. Angelito became the leader of Risk Management and Independence concerns.

Strengthening the Partnership

In early part of 2002, Cecilio Amoranto was invited by the partners to join the firm. Cecilio was the Chief Finance Officer of an international food chain franchise holder, one of the initial major clients of the firm. He had just retired from this position, his second retirement. His first was from a large multinational information technology company where he worked for more than 30 years. A seasoned professional, Cecilio was looking for something worthwhile to occupy his time. He initially joined CLMC as a part-time consultant. He eventually became a full-time director under the Management Solutions Group, handling financial advisory duties. He officially became a partner in September 2002 together with the promotion to partnership of four other senior managers.

In 2002 the partners felt the firm was ready to take its first harvest from its talent pool and elevate promising candidates to the partnership. Four senior managers were admitted to the partnership: Luis Manabat in Tax; Avelina Gille, Ofelia Gamad and Bernadett Sanchez in Audit. It was also in 2002 that Conchita was elevated to the position of Chairperson, and Manuel was promoted to Managing Partner.

Moreover, it was in 2002 when the firm received separate proposals from two large Philippine ***Big Five*** *companies to merge with them. This was the time when an upheaval in the global* ***Big Five*** *was happening in the aftermath of the Enron downfall in the United States. After a long and highly charged deliberation in both cases, CLMC decided to remain independent and this was supported by DTT.*

L-R Manuel O. Faustino, Angelito D. Cu, Mamerto D. Jayco, Ophelia G. Jimenez, Conchita L. Manabat, Luz A. Bernardo, Cecilio C. Amoranto

*It was during this time too that a group of managers from a local **Big Five** company had approached CLMC for possible employment in the firm. Two of these managers eventually migrated to CLMC and joined the Tax Group, one being Fredieric Landicho who eventually became a tax partner in 2005, and the other, Richard Lapres, likewise in 2007. A third manager from the same group would later join, although briefly, CLMC's Audit Group.*

In 2004, Oscar Torres, an experienced audit professional who used to be a partner in a major accounting firm, expressed his interest in joining CLMC. After evaluation, he was admitted initially as a director in the firm. Later of the same year, he was promoted to the partnership.

In the meantime, there were plans to establish CLMC's presence in Cebu. Geronimo Sta. Ana, a well-known businessman and practitioner in Cebu, who has been the firm's link in Cebu since CLMC's founding, was formally admitted as a partner of CLMC to lead the Cebu operation. The Cebu office was subsequently launched and inaugurated.

Also in 2004, the firm started a program to prepare promising talents to assume leadership positions. Initially, three senior managers were promoted as directors, a stepping stone towards becoming a partner. These three were Luisito Amper for Enterprise Risk Services (ERS), Imelda Tapay for Financial Advisory Services (FAS) and Business Process Outsourcing (BPO), and Diane Yap for Audit Services. (Earlier, Diane was sent to the U.S. for an 18-month secondment to DTT-San Francisco as a Global Development Program participant. In like manner, Bernadett Sanchez was sent to DTT-Los Angeles). Furthermore, the firm started an empowerment initiative whereby certain key senior managers were identified, ready to assume higher leadership functions. This would accelerate their promotion as directors or partners if performance expectations were met or even exceeded.

First Retirements

Cecilio Amoranto, having reached the age of retirement, did so in 2005. He was retained however by the firm as a consultant for a few months to undertake the streamlining of certain administrative processes such as Accounting, Practice Management and Human Resource. Similarly, Geronimo Sta. Ana of the Cebu operation retired in the same year. Because there was no one to replace him, the firm continued to have a consultancy arrangement with him for the management of the Cebu office.

Oscar Torres, on the other hand, after completing the audit season, expressed his desire to leave the firm and pursue better opportunities overseas. He joined a client, a large global advertising company.

Launching the Next Generation and Leaving a Legacy

In 2005, Manuel proposed to groom Luis Manabat as his deputy. In June of the same year, the firm was again ready to admit new partners, the three who were promoted as directors a year earlier, namely, Luisito Amper, Imelda Tapay, and Diane Yap. Likewise, in September 2005, three other professionals were admitted to the partnership, namely, Ma. Cecilia Ortiz and Marites Buenaventura for Audit, and Fredieric Landicho for Tax. This was to pave the way for leadership succession and the start of preparations for transition to a new and stronger firm that would join DTT's restructuring in the region, in line with its global restructuring program. The firm would join the DTT ASEAN cluster, together with DTT member firms in Singapore, Malaysia, Indonesia, Thailand, and Guam, as one united regional group. This would be under the leadership of the CEO of the Singapore firm serving as the CEO of the ASEAN cluster. As one firm, there would be the sharing of resources with economies of scale. Thus the cluster would be in a more strategic position to acquire and service even larger and cross-border clients while minimizing professional risk. This was implemented in 2006.

The firm continued to harvest potential partner candidates from the firm's existing talent pool. The year 2006 again saw the elevation of three young partners: Melissa Delgado, Drake Sombrito, and Bonifacio Lumacang (Bonifacio, years earlier, was also sent to the U.S. under the 18-month GDP initiative).

In May 2006, two of the six founding partners retired. The retirement of Luz Bernardo and Mamerto Jayco followed the plan of leadership transition (succession plan) for the firm which was implemented as early as 2004. The structure for the firm's next generation of leaders was now complete and the stage was set for the next step in the leadership transition plan.

The time had come to pass the baton to the next generation of leaders, to bring the firm to the next level, and to even higher grounds. Thus, in December of 2006, the four remaining senior and founding partners, namely, Conchita Manabat, Manuel Faustino, Ophelia Jimenez, and Angelito Cu, formally retired from the firm. The senior partners believed that their work in building and nurturing the firm had been accomplished. It was then the opportune moment to leave a legacy to the next generation, with the thought that their dreams and aspirations for the firm and for themselves have been met. It was also with the confidence that the new leaders they have trained and developed will take the firm to greater success and will continue their journey together with Deloitte, to become the standard of excellence.

Company Executive Planning, 2001

In March 2007, under the new leadership of Luis Manabat as Managing Partner, the firm registered its new name with the Securities and Exchange Commission: MANABAT DELGADO AMPER & CO.

(Still another transition occurred in 2011 - 2012 upon the retirement of Luis Manabat and the admission of Gregorio Navarro into the firm as the successor of Luis. Gregorio was formerly the Managing Partner of another leading accounting firm. And with this transition, Manabat Delgado Amper & Co. then became known as NAVARRO AMPER & CO. up to the present time.)

Breakpoint Changes in Organizations

For a deeper and broader understanding of change and how organizations evolve and change, Land and Jarman[11] advanced the theory of transformation of organizations. They identified the three phases of processes inherent in nature called "breakpoint changes" as "forming," "norming," and "fulfilling." The first phase, the "forming" process, could be one that is parallel to the growing process seen earlier in Adizes/Roldan/Tayko, and the second phase of "norming" process to the maturing process. Unlike the Adizes/Roldan/Tayko models, Land and Jarman's theory identified the third phase not as a stage or phase of "aging," but as a beginning of a new level of transformative change called "fulfilling." In the years of its phenomenal growth, did CLMC experience the indicators of the third phase of breakpoint change?

[11] George Land and Beth Jarman, *Breakpoint Change and Beyond: Mastering the Future Today* (U.S.A.: Harper Business, A Division of Harper Collins Publisher, 1992).

The CLMC Phenomenon

The organizational life story of CLMC, led by its Founder, did not only have the business sense of the practice, but also the development sense of the organization. At every turn wherever and whenever needed, an Organization Development (OD) Intervention Process was consciously and purposively conducted to address issues that came with the firm's growth. These processes included:

- Leadership and Team-building Activities
    - The OD/Culture/Team Building Process held in 1999 was to address the need for better understanding of each other as two groups came from two cultures, the predecessor representative firm of DTT and CLMC. This activity aimed at the development of a commitment to function as one organization with commonly shared values and vision

- The Organization/Management Session and Outing held in 2000 was another ODT process to engage the staff and management separately and then jointly to think through and agree on the Corporate Principles that would guide them in their individual and corporate functioning

- The OD Process with Leadership/ Management (Partners) was held in the same year to address the transition pangs of a fast growing organization. This gave the leadership/management team the opportunity to appreciate and to realize the inherent issues of a fast-growing company as well as to find the solutions to such issues.

- Outdoor-Adventure-Based Team-Building Workshop for Partners, Managers, and Seniors held in August 2003.

- The Strategic Visioning/Planning Process using the Appreciative Inquiry held in August 2004 enabled the Founder Partners with New Partners and Senior Managers, moments of reflection and rediscovery of new vistas and vision of the firm.

- The Team Building Processes among Managers and Seniors using the Whole Brain Literacy Approach was held in October 2004

- The Leadership/Management Passages and Transition Session held in February 2005 was done to reflect on the Legacy, the Transition and Transformation Issues of CLMC

- The "Star of the Season" program which was held annually aimed at developing role models within the firm

- Rest & Recreation (R & R) Celebrations

    - Mid-busy season get-together events provided a much-needed break to service professionals for the demands of the audit busy period

    - Summer outings held annually gave all Partners/Managers/Staff the welcome respite and recreation to rejuvenate the esprit de corps or camaraderie among all.

    - Physical exercises in the form of sportsfest activities were held every year

    - There were monthly birthday breakfast celebrations

    - Occasional cocktails with each group afforded the partners an opportunity for a free exchange of stories with the staff in a very informal and congenial setting

    - First Philippine Consultants & C. L. Manabat & Co. summer outing

- Periodic Pulse Assessments

    - There were regular fora with managers, seniors and staff.

    - Periodic Climate Surveys were conducted to measure the satisfaction among staff as well as to assess their sentiments.

In the light of the three theoretical/conceptual perspectives namely, Leadership and Team-Building activities, Leadership Conference, and R&R celebrations, what was the formation like in the story of CLMC? How did it form and evolve into where it is today? The formation process of CLMC evolved from a set of creative, adaptive responses to its phenomenal pace and complexity of growth. Therefore, it demanded from its leaders/ founders also a comprehensive, coherent, and creatively adaptive response to the problems.

At its birth when it was officially registered in November 1997, CLMC already had an international partner, Grant Thornton International that was eager to link with CLMC. This factor was significant in the formation of CLMC. It provided immediate opportunities for CLMC's staff to obtain international exposure. While the firm then was struggling to build a client base for its practice, the current staff had to find engagements through various linkages to keep the business going. It was like moving on a moving platform while aiming for a moving target.

The task environment of the industry as well as of the client's business was changing. The challenge available for CLMC to survive and sustain itself was to keep "in sync" or aligned with the changes that surrounded it. There was no time for delay and everyone had to learn to synchronize with the "beating of the drums." Leadership and Management had to be creative in generating solutions. For example, starting with only one or two clients and GTI as its international correspondent, the CLMC leadership was able to craft some creative solutions to place its staff in international assignment with GTI and at the same time build its client base in the country. That international exposure and experience provided credibility and confidence to the CLMC HR complement.

Whether CLMC's growth or its formation process was reflective of the dialectic interactions of life forces (Roldan/Tayko) or of dynamic functioning of corporate roles (Adizes) or from a biological breakpoint changes of creative forces (Land and Jarman), it was evident that the pace of growth of CLMC was meteoric and phenomenal.

A Family of Professionals

Right from the start, when the CLMC professionals were asked what it was like in the beginnings of the firm, the immediate response was: "We were small and were like a family. Everyone was involved and engaged in the life and work of the organization including shopping for the furniture in Paco, fixing and arranging the office space, and even in preparing food for lunch. Life was simple and working was like being engaged in play among peers; eager to learn and work for the family."

Those who were older were mentors. One-on-one mentoring was done. Partners held meetings with the staff regularly. In meetings, the process was consultative where everyone was given a chance to be heard and his views to be considered. It was felt that decisions were made only after the staff had shared their views and had a chance to participate in the deliberation.

While resources were limited then, everyone irrespective of roles or positions did everything to make things work. No one was spared from working with his hands such as cleaning or dusting the table or arranging chairs for a meeting. What was important was that the task was done and goals were achieved for the firm. The policies and plans were fluid and any suggestion improving existing practices were easily adopted. Some policies and standards were not yet written down. But everyone understood the rule, "quality first and no short cuts." Loyalty was very high and the spirit of camaraderie flourished. A family of professionals was willing to do anything to get things done while maintaining high quality in their work was essential.

There was the "Lady Founder/Chair" who was the visionary of the "Family" and the "Gentleman/ Managing Partner" who carried out the direction and operation of the firm. From the very start, the tandem of Conchita and Manuel's leadership, complemented by the other founding partners, was most propitious for the company. Each played a specific role required of him or her: "entrepreneur/ visionary/strategist," "executive/manager/ administrator," "supervisor/integrator," and/or "performer/producer." There was multi-tasking for the organization was lean.

Reflection and Insights

The organizational set-up of the company became everybody's job and concern. All hands were on deck to get things done. The "sense of family" was strong and the building of relationships and camaraderie was fostered at all levels. Acquisitions of new assets were milestones, birthdays were moments to celebrate, significant events of the year were observed with joy and with spiritual reflection. While individuality was respected or affirmed, teamwork and processes were pursued and nurtured through coaching and counseling by the founding leaders/partners. It was doing one's job, and, more importantly, being on the job to do the best for a greater cause – the vision, mission, and values advocated by the company.

A significant practice in the lifestyle of CLMC's organizational formation was the regular recitation of the CLMC prayer (authored by its own professionals at the time).

"Heavenly Father, I know you have great plans
for gathering us together
to work on a common vision.

Thank you for the gift of one another.

I ask you Oh Lord, to grant me the grace
to fulfill my obligations to you,
to my family, to our country,
to C.L. Manabat & Co.,
to my fellow CLMC employees and to myself.

Let me be always reminded
that I am a very special person
working with a very special firm
that is concerned with my career,
my welfare, growth and development.

Give me guidance and wisdom
to carry out this day in your holy presence
according to your divine plan for me.

Help me to achieve my goals/objectives and
aspirations this day and each day onwards.

In Jesus' name. Amen."

Perhaps a good explanation why CLMC had succeeded and flourished was that its founder Conchita Manabat always took things in prayer.

Chapter 3

THE PARTNERING PROCESSES –

The Links That Loop Ways of Relating

"Year after year beheld the silent toil that spreads his lustrous coil; Still, as the spiral grew, He left the past year's dwelling for the new, Stole with soft step its shining archway through, Built up its idle door, Stretched in his last-found home, and know the old no more."

- O.W. Holmes, "The Chambered Nautilus"

The Ecology of Organizations

The web of life in the ecosystem demonstrates that things are connected in a network of connections and interrelationships. Fritjof Capra[12] in his book, *The WEB of LIFE*, calls this "the new paradigm, the holistic worldview or ecological view, as seeing the world as an integrated whole rather than as dissociated collection of parts."

The world is a bowl of ecosystems. Each "eco-bowl" is made up of a matrix of connections between "living" organisms and "non-living" organisms. The new science of complexity has advanced the idea that everything and anything in this world or ecosystems are interconnected. Nothing is ever disconnected in nature unless man chooses to disconnect himself. This new principle of connectivity has been advanced by Physicist David Bohm, Biologists/Ecologists, Fritjof Capra, Margaret Wheatley, George Land, Beth Jarman, and others regarding the new organization and leadership sciences.

In the business world, no one firm stands alone in the business. There is a host of other firms engaging as suppliers of goods and services, as regulators of performance, as competitors, as subsidiaries and affiliates, partners and principals, advisors, clients, and supporters, which come into the playing field of a firm in a particular type of business. In the auditing and consulting industry, the decade of the 90s saw in the country the shifting of alliances and partnerships not only among the local players but also among their international counterparts.

"Musical Chairs"- Changing the Landscape of the Profession

Since the mid-90s, the accounting industry landscape had witnessed the "playing of the musical chair" by leading accounting firms each time a major event or upheaval occurred. Apparently, it was the "game to play" to ensure that a major firm continues to have an affiliation with a major global player, one of the coveted ***Big Six.*** *In this way, the firm could stay international and multinational, and*

[12] Fritjof Capra, *The Web of Life: A New Scientific Understanding of Living Systems*. (New York: Anchor Books, 1996.)

Deloitte Asia Pacific CEO Robert A. Campbell and Conchita L. Manabat with CLMC Signage showing Deloitte Membership

continue to have global clients in its portfolio, usually the "crown jewels" of its foreign counterpart. This guaranteed its international reputation which would attract major local clients as well. However, the shifting of representations would also result in the shifting and migration of clients and professionals, hence, the "playing of the musical chair" which would rearrange the landscape and the dynamics of the profession.

The first such musical chair in the 90s in the country occurred when Carlos J. Valdes & Co. (presently known as Valdes Abad & Associates) lost its affiliation with Coopers & Lybrand after an internal crisis. The C&L representation had shifted to Laya Manabat Salgado & Co., Conchita's former partnership. (Laya Manabat Salgado & Co. was subsequently known as Laya Mananghaya & Co. after Conchita left the firm in 1996.)

In mid-1998, there was a merger in the global ***Big Six*** *when Price Waterhouse combined with Coopers & Lybrand, thus reducing the global players to the* ***Big Five****. However, the respective Philippine counterparts of these two international organizations, Joaquin Cunanan & Co. and Laya Mananghaya & Co., chose not to merge locally.*

Joaquin Cunanan & Co. (renamed Isla Lipana & Co. in 2005), whose representation was with Price Waterhouse, assumed the combined representation of what is now known as PricewaterhouseCoopers.

Laya Mananghaya & Co. (LMC.), on the other hand, remained independent but started to search for a foreign representation in order to preserve its standing in the industry. Within the same year in 1998, LMC was granted the representation of KPMG, which was previously held by another smaller firm. Laya Mananghaya & Co. would later be known as Manabat Sanagustin & Co. in 2007, upon the retirement of Mario Mananghaya in December of 2006 (Jaime Laya retired much earlier) and the admission into the firm of Roberto Manabat and several other new partners in 2007.

Perhaps precipitated by the foregoing 1990s shake-up, an exploratory meeting for a possible merger was initiated between CLMC and Diaz Murillo Dalupan and Co. (DMD) in 1998, upon the urging of global ***Big Five*** *player, Deloitte Touche Tohmatsu (DTT). For several years, DMD had been the Philippine member firm of DTT, but DTT wanted to have a stronger presence in the country. It was thought that the combined practice of DMD and CLMC would do just that.*

The merger talks did not prosper but DTT made a strategic decision to transfer the representation to CLMC in June of 1999. Part of the transfer agreement was the migration of some of the partners and staff of DMD to CLMC in order to facilitate the transition of DTT clients with DMD to CLMC. As the new Philippine member firm of DTT, CLMC immediately embarked on an intense marketing campaign for new clients and to convert to CLMC the major DTT clients which were still carried by other accounting firms. CLMC soon thereafter became one of the leading audit and advisory services firms in the country.

Thus, by 1999, the global ***Big Five*** *were represented by the following:*

The Big Five* and Their Philippine Member Firms

1. *Arthur Andersen (US $ 7.82 Billion) / SyCip Gorres Velayo & Co.*
2. *PricewaterhouseCoopers (US$ 6.75 Billion) / Joaquin Cunanan & Co.*
3. *Ernst & Young (US$ 6.38 Billion) / Punongbayan & Araullo*
4. *Deloitte Touche Tohmatsu (US$ 5.33 Billion) / C. L. Manabat & Co.*
5. *KPMG (US$ 4.65 Billion) / Laya Mananghaya & Co. (formerly Laya Manabat Salgado & Co.)*

*(*Above Ranking of the global Big Five was based on global revenues in 2000. Internet source: "SOURCES OF BIG FIVE CPA REVENUES, YEAR 2000, February 12, 2002")*

*The landscape in the accounting business did not undergo another change until the dramatic collapse of Arthur Andersen (AA) in 2002 in the wake of the 2001 Enron corporate scandal. SGV then effectively lost its international partner. To move forward, SGV sought another global affiliation. The prospects were short-listed to DTT and Ernst & Young (EY). In the end, SGV decided to be affiliated with EY and signed the affiliation agreement in June of 2002. However, Punongbayan & Araullo, the member firm of EY in the country, chose not to merge with SGV. Eventually, P&A obtained the representation of Grant Thornton International, a "****Tier-Two****" global accounting firm.*

The departure of AA left only four large international accounting firms in the world, known as the ***Big Four****.*

The Big Four* and their Philippine Member Firms

1. PricewaterhouseCoopers (US$ 22 Billion) / Isla Lipana & Co. (formerly Joaquin Cunanan & Co.)

2. Deloitte Touche Tohmatsu (US$ 20 Billion) / C. L. Manabat & Co. (subsequently known as Manabat Delgado Amper & Co., and then as Navarro Amper & Co.)

3. Ernst & Young (US$ 18.4 Billion) / SyCip Gorres Velayo & Co.

4. KPMG (US$ 16.9 Billion) / Laya Mananghaya & Co. (subsequently evolved into Manabat Sanagustin & Co.)

*(*Above ranking of the global Big Four was based on global revenues in 2006. Grant Thornton International, one of the largest "Second-Tier" international accounting firms in the world after the Big Four, and once the international partner of CLMC, became the international affiliate of Punongbayan & Araullo. Revenues were obtained from the official websites of the respective Big Four firms.)*

Evolution of the Big Four begins with the Big Eight (from 1970s to 1989):

*A group of large international accounting firms were once known as the **Big Eight** in the 70s and 80s. The grouping reflected the dominance of these eight largest accounting firms in the world, which were products of earlier mergers. They handled the audits of the vast majority of large publicly listed corporations as well as other large private enterprises. The **Big Eight** at the time were the following:*

1. Arthur Andersen (developed from Andersen Delany)

2. Arthur Young & Co.

3. Coopers & Lybrand

4. Ernst & Whinney (formerly Ernst & Ernst)

5. Deloitte Haskins & Sells (formed by the merger of Deloitte Plender Griffiths and Haskins & Sells)

6. KPMG (formed by the merger of Peat Marwick International on the one hand, which was an earlier merger of William Barclay Peat and Marwick Mitchell, and the KMG Group on the other hand, which was an earlier merger of Klynveld Main Goerdeler and Deutsche Treuhand Gesellschaft)

7. Price Waterhouse

8. Touche Ross (several early mergers resulting to Touche Ross Bailey & Smart, shortened to Touche Ross in 1969)

Then the Big Six (from 1989 to 1998):

*Competition among these public accounting firms had escalated and the **Big Eight** became the **Big Six** in 1989 when two mergers occurred. The first was when Ernst & Whinney merged with Arthur Young to become Ernst & Young. The second happened when Deloitte Haskins & Sells merged with Touche Ross to become Deloitte & Touche. In 1993, Deloitte & Touche was renamed Deloitte Touche Tohmatsu, with the third name coming from the large Japanese firm, Tohmatsu & Co., which was merged with Touche Ross in 1975.*

Then the Big Five (from 1998 to 2002):

*The **Big Six** was later reduced to the **Big Five** in July 1998 when Price Waterhouse merged with Coopers & Lybrand to form PricewaterhouseCoopers.*

And Finally the Big Four (from 2002 to the Present Time)

*One of the **Big Five**, Arthur Andersen, was indicted and subsequently convicted in 2002 for obstruction of justice by shredding documents related to its audit of its client, Enron, covering up billions of dollars in losses that led to Enron's bankruptcy in 2001. Although the conviction was later overturned by the U.S. Supreme Court, it effectively ended the practice of the once "legendary" Arthur Andersen. The bulk of its country practices around the world were sold to other accounting firms.*

*The demise of Arthur Andersen left only four large international accounting firms in the world, known as the **Big Four** (or in some cases, referred to as the "**Final Four**"), and these are: **(1.) PricewaterhouseCoopers, (2.) Deloitte Touche Tohmatsu, (3.) Ernst & Young, and (4.) KPMG**.*

Tier-Two (or Otherwise Known as Second-Tier), the Alternative to the Big Four:

*As seen over the decades, the **Big Eight** had dwindled to just four, reducing the number of professional services firms available to large global clients. This posed a challenge to these large corporations as they had to use an accounting firm that did their external audit requirements separate from the one that would do the non-audit services, so that the external auditor's independence will not be impaired. This scenario created the need for other alternatives. The **Second-Tier** accounting and professional services firms are said to have emerged over the years as the viable alternatives to the **Big Four**. They are "the little guys doing large audits" as it was written in Business Week (August 22, 2005).*

*The largest international **Tier-Two** firms are the following:*

The Tier-Two Firms* and their Philippine Member Firms up to the Present Time

1. *BDO International, or Binder Dijker Otte (US$ 3.9 Billion) / Alba Romeo & Co.*

2. *Grant Thornton International (US$ 2.8 Billion) / Punongbayan & Araullo*

3. *RSM International (US$ 2.5 Billion) / Valdes Abad & Associates (formerly Carlos J. Valdes & Associates) (Eventually, RSM shifted to Alas Oplas & Co., CPAs and Valdes Abad & Associates represented GMN International since 2009.)*

*(*Above ranking was based on latest total revenues available in 2006. The figures were obtained from the official websites of the respective Tier-Two international firms.)*

(Data on the evolution of the Big Eight to the Big Four obtained from Wikipedia.)

If we are to understand CLMC's growth in the industry, we need to advocate the view of complexity and connectivity of natural ecosystems in this world. To carry this view further, we need to consider that a firm or an organization is also part and parcel of a social ecosystem. It is born into a social network of organizations. Thinking "ecology" in understanding organizations means subscribing to the idea that organizations are complex adaptive systems. This concept is generic and consistent to the earlier view that organizations are living corporate beings. Thus, to observe and describe what took place in an organization after it was born, organized, formed, developed, and stabilized must include and consider the network of relationships, whether formal and informal, that make-up and define the organizations. What network and alliances did CLMC enter into?

The GTI Connection

When Conchita made her choice to start her own consultancy firm, right at bay was Grant Thornton International (GTI), the **Tier-Two** international firm closely known to Conchita from her previous association as Managing Partner of LMSC. GTI expressed support and commendation, and was the first to offer Conchita the opportunity to represent an international accounting organization in the Philippines. GTI, at that time, had lost its local representation when LMSC (GTI's former partner and the firm headed by Conchita as Executive Partner until 1996) chose in 1995 to associate itself with Coopers and Lybrand. Having been unsuccessful for more than a year in choosing a suitable local accounting firm as its local partner, GTI turned to Conchita's re-established practice as a possible option. Conchita then had only a consultancy firm, First Philippine Consultants, Inc. This did not deter GTI from seeking Conchita's agreement and even introduced the idea for her to form an accounting firm, CLMC. Thus, both the consulting and accounting firms were appointed GTI's correspondent firms in the Philippines in 1997. The GTI connection immediately provided CLMC the doors for international connection and the opportunity for some of its staff to access and avail of international exposure and experience. Furthermore, CLMC did not start from zero since the founders of CLMC have had previous professional experience and network in the industry at the national and international circles. Thus, right at the formative stage, the GTI connection provided the needed link, niche support and the international identity for CLMC.

Early Affiliation

In 1997, Grant Thornton International was one of the largest second-tier international accounting organizations outside of the Big Six. It focused on servicing growth-oriented and medium-sized businesses.

Shortly after its appointment in 1997, as a GTI representative, CLMC hosted the Asia Pacific meeting of GTI at the Makati Shangri-La, attended by no less than GTI's Global CEO, Robert Kleckner and the Regional CEO, Gabriel Azedo, together with the heads of practices in the region. Soon enough, CLMC took that opportunity to launch and announce to its clients and the business community of its appointment as the GTI correspondent firm. This was successfully held in early 1998 at the Ayala Museum in Makati City, not a traditional venue for the launching of a new accounting firm but a quaint choice.

Grant Thornton Intern'l, C.L. Manabat & Co. / First Philippine Consultants, Inc. Launch & GTI Regional Conference in the Philippines

GTI's most important contribution was the opportunity for an international experience for the CLMC professionals. CLMC was successful in placing several of its professionals at some of GTI's overseas offices. They were, Ofelia Gamad and Melissa Sanchez in Singapore, Marites Buenaventura in the United Kingdom, and Bernadett Sanchez in Los Angeles, USA. For the staff, it provided not only an opportunity to enhance their skills but, more importantly, also provided the valuable international exposure and learning of different cultures. In addition, GTI provided the international network which gave opportunities for partners and staff to attend international conferences and training programs and to develop relationships with foreign practitioners.

The GTI representation was prestigious, but there were very few client referrals, perhaps because the timing was not ideal as there was the economic slump and financial crisis affecting the Southeast Asian region in 1997. The referred works were mostly tax and consulting clients, which by nature, are mostly non-recurring. CLMC's biggest challenge therefore was developing a more stable local clientele, particularly the recurring audit accounts.

The Merger/Acquisition

The first year of CLMC's formation was a great challenge. Clients were won mainly through close acquaintances and friends who knew either Conchita or Manuel from past relationships. While audit started to build its practice, consulting and tax provided the sustenance having had some years of lead time and enjoying a list of loyal clients. Among these clients was a group of companies which holds the franchise of the leading international hamburger fast food chain in the Philippines. While the engagement was more of accounting in nature and not audit, the account provided a consistent flow of revenue and work for the early staff of the consulting practice. Later, again by serendipity or turn of fate, the client's Chief Finance Officer, after his retirement, would become a Consultant and eventually a Partner of CLMC.

The audit practice also started to win accounts, but these were not enough to support the needed revenues to survive and maintain the practice. A creative solution had to be crafted. CLMC decided to farm out several audit professionals for international assignment with GTI, while efforts were being continued to win more clients in the local scene. Among the first audit clients of CLMC were:

- A company engaged in trading, owned by Ismael Maningas, the President at the time of Fujitsu Philippines. Mr. Maningas is a personal friend of Conchita and a colleague of Manuel at the Rotary Club.
- A Japanese company engaged in bathroom fixtures.
- A farm in Cagayan de Oro owned by a Singaporean company.
- A company engaged in the manufacture of electronics and computer parts.
- A company engaged in satellite linking to provide broadcasting services to other countries.
- A group of companies engaged in various businesses owned by entrepreneur Eli Levin, an Israeli national and a long-time friend and former client of Conchita.
- A group of companies of the family of a much admired Philippine President engaged in cable television operations outside of Metro Manila.
- A company engaged in the trading of laboratory equipment.

Reflections and Impressions from interview sources

While gaining clients was the driving force of the firm on its first year of operation, exploratory talks also started in 1998 between CLMC and Diaz Murillo Dalupan, an older accounting firm, for a possible merger. This was driven by the changes in the accounting industry, internationally and locally. There was the international merger of Coopers & Lybrand and Price Waterhouse reducing the global Big Six to the Big Five, affecting the dynamics of both the international and the local accounting scenes. Deloitte Touche Tohmatsu, a Big Five firm and the international affiliate of DMD at the time, needed a stronger representation in the Philippines. To achieve this, DTT had then urged DMD to establish a relationship with another local accounting firm for a possible merger. DMD, because of its good relationship with Conchita, communicated to DTT that they would prefer merger talks with Conchita's firm than with others. Thus, a first meeting was set on June 16, 1998; just a few months after CLMC had started its operations. It was led by Robert Campbell, the DTT Regional Managing Partner and CEO for the Asia Pacific Region, and his Deputy, Robert Brodie.

(The unfolding narratives above are stories and reflections of experiences drawn from the interviews among the founding partners and key managers.)

DTT thought that there could be a synergy, that is, a company with a long-established reputation in the industry can be revitalized by a dynamic leadership of a young, start-up firm. Thus, Conchita wanted the relationship to be one where CLMC would take the lead.

Initial talks between the two firms started with the parties soon realizing that a complete merger would be difficult. Thus, several options were considered including establishing two DTT-affiliated firms in the Philippines. One would service international clients and the other would service local clients. The talks lasted for at least seven months and ended without success. One reason that probably broke the deal was the disagreement over who would lead the firm. DTT insisted that Conchita should be at the helm of the new firm, but the former representation's partners were apprehensive of being under the leadership of a very much younger firm. It was probably difficult also to accept that a well established company would need the help of a new firm. The other issues affecting the negotiations were what name to give to the combined firm and what policies to adopt to be in step with the new ways of running a multinational accounting firm.

Conchita summarized the outcome of the experience:

> *"There are certain aspects of the endeavor that are properly for DTT and DMD to thresh out and are completely beyond our control…."*
>
> *"I appreciate completely the dynamics of the entire exercise. The basic premises of the parties are not the same. There are various issues to be resolved by DMD like business units and manpower to be included in the new combined practice, past years' service costs, and DTT related items. …we are not a party thereto and much as we would like to facilitate the process, we would rather be cautious…."*
>
> *"…If the parties should fail to reach an agreement on the lofty venture we have mutually started, we would be satisfied with a rare learning experience."*

DTT, nonetheless, was still searching for another partner in the Philippines, since at that time DTT was embarking on an intense globalization expansion. They had the two-step campaign of "Alignment and Integration" of member firms throughout the globe. This was to align all member firms to the DTT global standards, practices, strategies and plans, and the DTT audit approach, utilizing DTT's proprietary software and tools, such as the Audit System/2 or AS/2. The larger member firms that would qualify would then be integrated into the DTT-owned practices. DTT, thus, wanted to boost its presence in the country to one that is aligned with and is "up to speed" with the rest of its member firms in the world.

Even while negotiations between the two Philippine firms were ongoing, DTT had already begun to turn to Conchita for support in servicing its clients in the Philippines. Under an informal arrangement, the DTT expatriate partner serving as consultant in Manila, John "Jake" Killeen, and other DTT partners in the region, had already been seeking assistance from Conchita's team in responding to inquiries and requests from DTT clients. It was therefore expected by DTT that Conchita would be part of its team in Manila. Obviously, the collapse of the negotiations was an outcome not to DTT's liking.

Robert Campbell attempted for several months to bring the two parties back to the negotiating table but with no success. Campbell eventually had to make a hard choice: CLMC was to be the DTT partner in the country, a shift of relationship of DTT from DMD to CLMC. These series of events finally led to CLMC's appointment as a DTT member firm on June 1, 1999.

In a press release dated September 3, 1999, Robert Campbell, Regional Managing Partner and CEO of DTT, was quoted as saying:

> *"DTT was introduced to Dr. Manabat and CLMC by Diaz Murillo Dalupan (DMD) as possible merger candidate to form a new member firm of DTT in the Philippines. When discussions were taking place in early 1999 with DMD and CLMC in respect to forming this new member firm, it soon became clear that the two firms had different directions they wanted to pursue. DMD wished to take a more domestic Philippine-based focus, whereas CLMC's vision was to be a Philippine-based firm with a Global Focus. Three months down the track, we are fortunate to have Dr. Manabat on board as she*

Signing of memorandum of agreement on the membership of C. L. Manabat & Co. with Deloitte in May 1999
Left to right, seated - Ofelia Barroga, Deloitte Regional Deputy CEO Robert Brodie, Conchita L. Manabat, Mamerto D. Jayco, Angelito D. Cu (hidden)
Standing – Manuel O. Faustino, Rolando I. Santos, Luz A. Bernardo, Ophelia G. Jimenez, Deloitte Consultant for the Philippines John J. Killeen

> *and the CLMC firm are increasingly contributing to our clients' interests and becoming involved in DTT global initiatives."*

As part of the agreement, DTT was able to negotiate that three of DMD's partners, together with those who opted to go with them, to be absorbed as partners and staff of CLMC. This arrangement brought a number of challenges and concerns such as the integration of two different cultures under one firm. For example, one group was used to a decentralized structure where a partner independently supervises a group of staff under him and the group members would be reporting, both administratively and functionally, solely to the same partner. The other group was used to a more centralized structure where staff members are used to following a single administrative authority, while reporting to perhaps one or more partners or supervisors on client-related concerns. Obviously, this posed certain operational/functional issues like:

- Staff scheduling and assignments where sharing of resources across groups or across partners were not practiced by one group. The challenge was to adopt a practice that will result in greater efficiency and effectiveness.

- Implementing and having a standard set of policies and rules of conduct such as the dress code, time reporting, budgeting, even paper work and report formats, proved difficult.

There was a felt need for people to bond together, from the "divide" between CLMC and DMD. For example, some people initially felt that the DMD professionals were being discriminated against when they were referred to as "those from DMD." Suggestions and opportunities were generated, with the objective of eventually creating one identity for all CLMC people, wherein there was no longer "a DMD" separate from "the CLMC."

The partners were very conscious about the issues of integration and worked hard towards achieving harmonious relations among the staff. The first act made by the partners was to meet the combined staff and partners in a relaxed environment in an afternoon snack on June 11, 1999.

This was immediately followed by a more formal change management workshop entitled "An Organization Development & Transformation Process Towards Convergence & Confluence of Corporate Values" on June 16, 1999. Participants were partners, managers and supervisors and this was facilitated by an organizational development expert.

There was the necessity of an alignment of positions and salaries of staff. The staff had high expectations upon transferring to CLMC, in the sense of better pay, better assignments, and better opportunities. On July 22, 1999 after more than a month of the DTT appointment, 25 transferring staff from DMD sent a signed letter to Conchita:

> *"…We the professional staff from the former member firm, made the toughest and most crucial decision in our lives before we finally decided to join. Main factors we cautiously considered in making such decision were the personal attachments we had with our Deloitte clients and our desire to continuously service them, the professional career advancement we look ahead to, and a just remuneration to value the service we can offer."*

> *"[In regard to salary] It is our previous understanding that we are aligned with CLMC staff …. further understand that the years of service of CLMC staff would be taken into importance in formulating their salary structure. ….we are requesting for a review and a complete realignment of former DMD staff with CLMC staff relating to this matter…. Wish to emphasize that the years of service of former DMD staff in handling DTT clients will also be taken into consideration."*

The partners took this as a serious and pressing matter as in everything else that concerns the staff. In the midst of preparations for a major event which was the public announcement of DTT's appointment, the partners met with these professionals to explain the firm's guidelines for promotions, salary increases, and entitlement to certain benefits. They also took steps to reach everyone's satisfaction regarding the full alignment of benefits.

Having taken on the challenge of being the DTT Philippine representative, CLMC had the enormous task of living up to expectations and meeting the demands of a more sophisticated, and exacting clientele. The challenge was to enhance the skills of the existing staff, to quickly achieve knowledge-transfer from DTT and to further attract experienced resources from the outside.

The demands of a larger, but less flexible, organization posed certain challenges on certain functions. Tasks previously done by one person needed to be farmed out to several people. This resulted in some initial confusion. So, clear lines of responsibilities across departments and individuals had to be defined and put in place. Structures and support systems were set up, such as rules for staff assignments, structure and procedures for quality control, and retirement plan for employees and partners.

Financing a practice of about 85 employees with no real cash flows during the first 8 to 10 months was no easy task. The transfer of staff had happened after the busy period. The firm had to contend with providing all the necessary working capital during the slack season as it was yet to start servicing new accounts. The partners, naturally, sought the help of DTT to provide the means to fund increasing working capital requirements. These included the salaries of the staff, rent and office expenses, and capital expenditures such as the purchase of computers, systems and equipment, expansion of office facilities, the training of staff, and so on. But requesting for financial assistance was no easy task for the partners as the DTT representation had not yet been fully formalized. If not for the tenacity of Conchita and the support of her co-founders, the necessary resources would not have been put in place at such a critical time.

The DTT appointment likewise brought transition issues to those CLMC and DMD professionals who were on assignment overseas at the time. One CLMC employee was caught in the transition of representation from GTI to DTT. Bernadett J. Sanchez was a senior audit staff and was one of those who were seconded to international GTI offices. Bernadett was about to end her assignment in GTI's Los Angeles office and was due to return to Manila when talks with DTT had started. Part of the arrangement agreed during the transition was for Bernadett to remain in the U.S. and to gain exposure in DTT methodologies by being shifted to DTT's Los Angeles office as soon as her term in GTI expired. However, it took time for the arrangement to be finalized because of the usual protocol in a large organization like DTT. To quote Conchita in her memo of June 23, 1999 on DTT's delay in acting on the transfer of Bernadett J. Sanchez:

> *"Poor Bernadett! I told her we have not forgotten her and she will be home soon if DTT cannot do anything."*

At the same time, two professionals from DMD, Sebastian Rodolfo and Chona Aguilar, were likewise caught in a similar situation. DTT has a global exchange program called the Global Development Program (GDP) aimed at developing people and providing them with international experience by seconding them to other DTT offices in other countries. Sebastian and Chona were serving their term under the GDP when the change in DTT's Philippine representation happened. Sebastian was assigned to DTT's Los Angeles office while Chona was in San Francisco. The two were concerned about the uncertainty of their careers upon their return to the Philippines. Conchita spoke to them and gave them assurances of their careers when they return home. Conchita went as far as making a trip to the United States to meet with the three: Bernadett, Chona, and Sebastian.

The DTT Choice of CLMC

On August 7, 1999, the Philippine Daily Inquirer featured this press release: "Deloitte Touche Tohmatsu (DTT), one of the big five accounting firms in the world, welcomes C.L. Manabat & Co., (CLMC) as its member firm in the Philippines in a recent celebration at New World Renaissance Hotel in Makati. CLMC's appointment as DTT firm was launched and announced to the business community through cocktails on July 22, 1999. The celebration was a success having been attended by a number of existing and potential clients and the who's who in the local business community."

Simultaneously, Conchita L. Manabat issued a letter to CLMC clients in 1999, which reads:

> *"….inform you of the admission of our firm, C. L. Manabat & Co. as a member firm of Deloitte Touche Tohmatsu in the Philippines."*
>
> *"Deloitte Touche Tohmatsu ranks #4 in 1998 Audit and Market Share in Multinational Companies. It grew by 22% in 1998, one that ranks it near the top of the Big 5 as regards growth. Fortune Magazine has ranked Deloitte & Touche in the United States #9 on its 1999 list of the "100 Best Companies to Work for in America" – by far the highest position of any Big Five firm and the only Big Five firm to appear on the list for two consecutive years…."*
>
> *"…C. L. Manabat & Co. has an initial complement of ten[13] (10) partners with extensive experience in accounting, auditing, outsourcing, tax and legal advisory, and business consulting services…..We aim to align the Philippine practice to the Deloitte Touche Tohmatsu global practice as we face the ever increasing challenges of the changing professional and competitive environment….We recognize that to remain competitive and to serve you effectively, we need to grow and change. And so we change with appropriate service capabilities meant to meet your ever-changing requirements."*

Deloitte Touche Tohmatsu's choice of CLMC was a breakthrough for CLMC. Instead of being absorbed by DMD which was more senior and

[13] The 10 partners upon DTT's appointment were Conchita L. Manabat, Manuel O. Faustino, Ofelia Barroga, Luz A. Bernardo, Angelito D. Cu, Mamerto D. Jayco, Ophelia G. Jimenez, Jose C. Leynes, Rolando I. Santos, and Ma. Lourdes Guillergan (Principal).

experienced in the industry and the incumbent partner of DTT at the time, CLMC came out of the process of negotiations as the lead firm. CLMC found itself taking in those partners and professional staff of DMD who opted to migrate to CLMC. It challenged CLMC to excel and to be at par with its international partner, DTT, as well as to develop one culture out of the two worlds of CLMC and DMD.

DTT's Regional Managing Partner and CEO said about the appointment,

> *"We have assessed what is best for our clients. The creation of a new member firm in the Philippines will provide us with the opportunity to deliver consistent seamless service to our clients which is their expectation of us."*

With DTT as the international affiliation, CLMC was assured of global exposure, for at that time, DTT was operating in over 130 countries, with a team of over 82,000 internationally experienced professionals serving nearly one-fifth of the world's largest companies, as well as large national enterprises, public institutions, and successful fast-growing companies. It was considered a distinct honor for CLMC to be a member in the circle of the Big Five, DTT being at that time, one of the Big Five in the world.

Consequently, the partnership with DTT brought CLMC face to face with globalization and global standards of excellence in professional practice and services. It provided, moreover, Information Communications Telecommunications (ICT) advanced technologies and processes and advanced and updated systems.

CLMC joined DTT's roster of member firms all over the world at a very opportune time when DTT was embarking on a large-scale journey toward globalization. This was perhaps one of the reasons why DTT needed a stronger firm in the Philippines. The following is taken from a DTT publication printed in 1999,

> *"On 12 April 1999 the representatives of [DTT's] member firms gathered in London for a historic event… which marks the beginning of Alignment, the first step of a two-phase process that will take [DTT] well along the road to globalization. [It was agreed] that all DTT firms will align [and] many will go further and integrate. Integration, the second step, will begin in mid-2000."…alignment is DTT's response to a changing business environment where clients are thinking and acting globally and demand that the people who serve them professionally do the same. That's why there is a need for DTT to be more flexible, nimble, responsive - and global. Alignment means aligning all strategies, plans and systems, and infrastructure so that all practices can move in the same global, strategic direction."*

CLMC's appointment as a DTT member firm was consistent with DTT's Alignment strategy. Quickly, CLMC took steps to learn the ways of the DTT approach, and consequently, just a few months after its appointment, CLMC was recognized officially as an Aligned Member Firm of DTT.

DTT Support

During the first few years of DTT's appointment, CLMC was able to receive support from DTT. As CLMC grew in its practice, it needed to spend more on staff training and capital expenditures particularly in information technology and office facilities.

Outside the "Bermuda Triangle"

While the firm invested heavily on technology and staff training to keep up with the demands of client service, CLMC was prudent in minimizing *expenditures on office space. Conchita would always be quoted as saying, "We would rather spend on staff than on office space." CLMC had chosen to remain in a modest location for its headquarters in the belief that the firm will be defined not by the look of its offices but by the quality of its professional services.*

When asked about the location of the CLMC office, the partners would, jokingly, reply that it is in a modest and old 9-storey building outside of the "Bermuda Triangle." The "Bermuda Triangle" is a term coined by the partners referring to the heart of the Makati Central Business District where Ayala Avenue is intersected by Paseo de Roxas, the site of political rallies and disruptive parades. The three points of the triangle refer to SGV (EY) on the upper point in Ayala Avenue, then Isla Lipana (PwC) and Laya Mananghaya (KPMG) on the left point in Paseo de Roxas, and finally, Punongbayan & Araullo (GTI) on the opposite third point at the corner of Ayala and Paseo de Roxas. All of these companies are housed in well-appointed high rise offices.

At the start, the economics of the practice of CLMC was largely driven by the conversion of DTT accounts from the previous DTT firm and other large accounting firms, regardless of whether such conversion was profitable or not. The working capital requirements and the needed investment in capital expenditures and staff training provided the rationale for DTT's financial support. This had been a significant factor in allowing CLMC to hurdle the challenges of building the practice in its early years. The partners consulted DTT on key decisions such as the appointment of a new managing partner, admission of new partners, retirement of partners, increase in unit allocation (for profit sharing), merger plans, approval of capital expenditures beyond planned amounts, and periodic submission of rolling forecasts and financial status to DTT.

The firm continued to receive support from DTT whenever needed in its early years. Conchita and the partners exerted relentless efforts in negotiating for such support, until the second year of appointment when the firm had become financially stable. Robert Campbell, in a memo dated February 28, 2001 addressed to Conchita, said:

> *"..I must congratulate you and your partners for the client service successes and the progress towards financial independence you have made since becoming the Deloitte Touche Tohmatsu Member Firm in the Philippines.*
>
> *…I am confident of your continuing success and am proud of the manner in which you carry the DTT banner in the Philippines."*

DTT continued to provide CLMC with the infrastructure (Deloitte Resources, communication infrastructure, web sites, practice management system, etc.), and the other support systems (Global Excellence Model, Partners in Learning, Risk Management) it needed. DTT's commitment of support was acknowledged by the CLMC partners in a March 2000 memo pledging to "make the Philippine practice successful".

The Impact of the Global-reaching "Enron & AA Cases" on CLMC

When the Enron corporate scandal in the United States hit the headlines in 2001, its impact and repercussions created major ripples all over the world. Stringent reforms in the accounting/auditing profession followed and new legislations were enacted that would put more teeth into the regulatory bodies. This was to ensure that the incident would not be repeated and that the confidence of the investing public would be restored.

In the Philippines, while reforms were likewise being instituted, the immediate aftershock of Arthur Andersen's downfall disrupted the alliances and alignments of relationships among key players in the profession. SyCip Gorres Velayo & Co. (SGV), the major player and the partner in the Philippines of the fallen giant AA, took steps to search for a new international partner. It had a choice between two: Deloitte Touche Tohmatsu or Ernst & Young. This action by SGV immediately placed CLMC in a situation of uncertainty and ambiguity.

The next events that unfolded took two phases of negotiations from the CLMC perspective.

1st Phase: SGV's Bid and Attempt to Merge/ Acquire CLMC

Upon the demise of AA, the remaining global Big Four accounting firms raced to claim the No. 1 spot. They campaigned to gather as many as they could the orphaned partners and senior professionals from the worldwide AA firms, and naturally, to bid for the most attractive of the AA clients. SGV, AA's partner in the Philippines, was widely known to be the largest local accounting firm, and was thus sought after by several big international accounting firms. It was, in a sense, the "most beautiful damsel in distress" at the time, as remarked by a partner. Among those Big Four firms which sought SGV was DTT. DTT was one of two firms short-listed by SGV as a possible replacement to AA, the other firm being Ernst & Young (EY).

Negotiations between DTT and SGV had progressed to such a point that CLMC found itself "under siege." It seemed that DTT had decided that they must get SGV at all cost. DTT offered the partners of CLMC with two options and met one afternoon in May 2002 with the six senior CLMC partners. The first option was for CLMC to join SGV as a firm and be established as a separate office to house the CLMC firm and its clients. All partners and staff will be integrated into the SGV personnel ranking and compensation, with guarantees for employment for a period of 3 years except when a staff is dismissed for a cause. The second scenario was where CLMC does not join SGV as a firm and where the orderly transition of DTT clients to SGV will be effected over a period of time. The Partners and staff would have the option to transfer to SGV with the same terms as the first option. In both scenarios, very attractive incentive packages and capital buy-outs were offered to the partners of CLMC.

As talks were ongoing with DTT, an SGV high-ranking partner approached Conchita to negotiate on CLMC being absorbed into SGV as a separate "market circle" (a profit center), including arrangements with regard to management and staff structures. In all of these talks, the only request of the partners of CLMC in agreeing to an arrangement with Deloitte and SGV was that none of its people will be marginalized in the transition and that the staff would be adequately compensated for their years of service.

As the partners contemplated on this major decision for the firm, they decided to consult first the managers. The partners met with the managers several times to give updates on the developments and to get the managers' views on the likely scenarios. Foremost among the concerns of the managers were whether there would be equal opportunities and career growth for them considering that SGV was far bigger than CLMC, and whether there would be an assurance of partnership culture, compensation, and position alignments. Subsequently, the partners also met with the rest of the staff to update them on what had been happening.

DTT sent two sets of negotiators to the CLMC partners. During the initial stages of the negotiations, the Regional Managing Partner of Deloitte in Asia Pacific, Robert Campbell, and his Deputy at the time, Todd Smith, were the DTT representatives talking to the CLMC partners and SGV. During the final stages and as a final decision was about to be made by SGV, a retired DTT-US partner and former Chairman and CEO of the worldwide DTT organization, Edward Kangas, was sent to convince the partners to accept the offer. He, along with Smith, came and told the partners that DTT will be fair in this undertaking and that he, himself, will determine what is fair. The partners however stood their ground and made a collective decision not to join and be absorbed into the "new" DTT firm.

These talks were a very painful and stressful experience for the CLMC partners and the firm as a whole. The partners recognized that DTT was determined to get SGV under its umbrella, and CLMC had no way of stopping this from happening. However, they likewise felt that SGV's part in the decision would be significantly greater than whatever decision would be made by the CLMC partners or DTT. True enough, SGV eventually decided not to accept DTT's offer but to join instead the Ernst & Young organization. This decision was a big disappointment to DTT but they came back to the CLMC partners with offers of a new beginning. Subsequently, DTT reiterated its intention for CLMC to remain as a full member firm of DTT and with the commitment to make the practice successful.

2nd Phase: P&A's Attempt

As SGV accepted the EY offer, the former EY representation, Punongbayan & Araullo (P&A), was left without any international representation. Thru some linkages, P&A connected with CLMC for a possible getting together in the light of CLMC's Deloitte representation. This undertaking was an alternative option to merging with a bigger SGV firm, the newly appointed EY representative. This time, DTT was careful not to show its hand but encouraged P&A and CLMC into talks of a possible merger. DTT acknowledged CLMC as its member firm in the Philippines and emphasized that it will respect whatever CLMC's position may be on the matter.

> ***"…not a first"***
>
> *The encounter with P&A was not a first time for Conchita. In her previous partnership at LMSC, there was an opportunity for her former firm to merge with P&A. At that time, LMSC represented Ernst & Whinney (EW) which merged globally with Arthur Young (AY, the representation of P&A), to form the global accounting organization, Ernst & Young (EY). The negotiations between LMSC and P&A fizzled out due to certain conditions that were unacceptable to the LMSC partners resulting in P&A getting the EY representation. LMSC went on without representation for a while until it got the Grant Thornton International affiliation in 1992.*

Based on a prior experience, Conchita was expecting that P&A would "come in strong." And so it was. Terms were quickly set by P&A on the first meeting. They submitted data about their firm, including information on partner compensation and sharing scheme, and on their forecast for the immediate future. Although the submission of P&A's company data was an early sign of sincerity, Conchita, the most junior among the negotiating partners of the two firms, thought that the terms of the merger were not favorable to CLMC and that getting together with P&A will not add any value to CLMC. Besides, CLMC had declined SGV's earlier offer, so the partners were asking why should the firm now merge with P&A?

The regional CEO of DTT, after learning of the terms of P&A, said the following in a June 2002 communication:

> *"You [CLMC] should take the lead in any discussions with P&A. DTT can provide negotiating support during discussions. …DTT knows little or nothing about P&A … have no way of judging the value of their practice from CLMC's or DTT's perspective. Certainly the conditions are very, very different than the Andersen/SGV circumstances. Your approach to P&A seems to be a good first step. I would suggest that many of their first set of conditions should be deal breakers from your perspective."*

While CLMC's partners were assured of DTT's continued support they, however, were fully aware of the threat that P&A presented. It was speculated that P&A would do all it could to get to the DTT core. Soon enough, the inevitable happened as fear had spread to the CLMC partners that the pursuer may have already done so through various channels. Due to the P&A partners' previous association with SGV, P&A had access to the DTT network and to the various acquaintances within the DTT organization. SGV at one time in the past had represented Deloitte Haskins & Sells, which was DTT's predecessor before the merger with Touche Ross.

In the meantime, talks about the imminent merger of P&A and SGV had circulated. News in the industry was also being heard that it seemed that P&A might also be talking to two other big firms, namely, PwC and KPMG. Either one of these were possible replacement for the imminent loss of the EY representation should P&A not pursue the merger with SGV. And while exploratory talks with the P&A partners were still in progress, several other approaches were being made to CLMC, this time by a group of some 15 managers from P&A's head office, and independently from that group, by a manager from its Cebu office. These young managers were concerned about the uncertainty of their careers in the light of the unfolding events at P&A and were even more apprehensive of a looming SGV take-over. Should this happen, they were all ready to seek employment at CLMC or some other Big Four firm. (By hindsight, the SGV/P&A merger talks eventually did not prosper.)

Conchita and her partners had kept an open-mind regarding these developments in the industry. While recognizing the threats, they also saw the opportunities unfolding. There were possibilities of getting new accounts and with the movements in the landscape; there were opportunities of attracting talented people from the other firms. Likewise, if the merger with P&A should happen, CLMC realized that the firm's size could easily be doubled or tripled overnight, thereby becoming at par with the country's No. 2, at least in size of manpower. In several communications, Conchita commenting on these developments in June 2002, said,

> *"We welcome [these opportunities] but these should not be at the sacrifice of our staff, partners and the firm as a whole."*

> *"… when we became DTT and we started to win accounts …. and the other crown jewels of DTT, manpower complement was our biggest challenge. We managed to learn quickly and beef up our staff."*

> *"… We take into serious consideration where we are, where we are headed to, our resources, and the opportunities at DTT."*

In a 2002 year-end situationer communication to the Asia Pacific regional office, Conchita summarized the experience as follows:

> *"The year that is about to end has been very extraordinary to the global economy, to our calling, and…in particular, to us. This time last year, your Philippine firm was contemplating on the many challenges it would have following the 9/11 tragedy and what was emerging as a serious blow to the dominant firm in our country*

due to its affiliation's involvement in the Enron financial embarrassment. As a DTT firm still in its infancy, we knew how vulnerable we were."

"2002 has been doubly exciting. Our international affiliation had been challenged twice. We experienced two major waves of tsunami: first was when SGV was up for grabs and the second was when P&A walked away from the previously agreed upon merger with the dominant firm. The SGV transaction of course was much desired by the major international accounting firms. Consequently, our very own existence had become at risk. The second wave was just as life threatening as the first, as a practice that walked away from a merger, needed an affiliation. …Looking back, the extraordinary encounters have made us better professionals and businesspersons, but more importantly, we emerged from the experience as well-Determined, Tenacious and Tough, [these were the three words that the DTT Regional Managing Partner used in describing Conchita, alluding to the DTT initials.] with a much tested commitment to shared beliefs and care for each other."

"… In all the many unusual travails we have had during the year, what keeps us going is our commitment to our profession, our people and our clients. Of course, we could not have achieved so much without the support and encouragement from DTT."

Sustaining Relationships

In November 2003, DTT embarked on a review of operations of the Philippine practice, resulting in the creation of a re-engineering task force to undertake change initiatives on ways of running the practice. Its tasks included determining ways to make the practice more efficient, with priorities of improving revenue cash flows and receivable collections, partner goal setting, determining optimum staffing requirements, and other changes needed to move the practice in the direction of improving profitability. In Manuel's December 2003 letter to Manoj Singh, the successor of Robert Campbell as the Regional Managing Partner and CEO for Asia Pacific, he said that the creation of the task force "*re-affirm*(s) *our* (the firm's) *willingness and commitment to embrace the best practices that could be learned from Deloitte.*"

The task force included three DTT and two CLMC partners. Although the participation of DTT partners was merely in an advisory capacity, and the undertaking was deemed worthy of implementation, some of the CLMC partners were wary of the initiative because the firm had just gone through a rigorous DTT practice review a few months earlier and to go through another wave of review would only test the patience of all concerned particularly since the transition to the new regional leadership, as far as the partners were concerned, had not completely set in their minds yet because of the still unfinished commitments of the previous regional leadership. And also a few months earlier, the partners had just been through several lengthy and sensitive merger discussions. Another review initiative would therefore be difficult and exhausting to undertake. Besides, the busy audit and tax season had already started and this increased the pressure even more in the discussion room.

However, the mandate on this matter from the regional office was firm and strong. Notwithstanding the discomfort surrounding the initiative, the operations review took its course, and the task force concluded its mission resulting in several areas for improvement and implementation, the most significant of which was the re-engineering of the audit division to make it more efficient, effective and in sync with the audit reforms and requirements of the DTT audit approach and procedures.

Deloitte Asean + Guam Cluster Country Leaders
Left to right - Chaly Mah of Singapore, Paul Capelle of Indonesia, Conchita L. Manabat of the Philippines, Deloitte Asia Pacific CEO Manoj Singh, Bert Braden of Guam, A. Mustapha of Malaysia, Subhasakdi Krishnamra of Thailand, Ng Meng Kwai of Malaysia

Clustering, the Next Step

At around the same time, certain developments were also ongoing within Deloitte as a global firm. In the first quarter of 2004, the initiative of clustering smaller practices in the Southeast Asia Region was formally put into motion. Southeast Asia was to follow the same route that was started and launched earlier in Deloitte offices in other regions of the world, such as South America and Eastern Europe. Initially labeled internally as “regionalization,” the clustering initiative aimed to pull together the practices in Singapore, Malaysia, Thailand, Indonesia, and the Philippines and establish one “virtual firm” across the region, with the Singapore firm leading the cluster. Guam was later added to the group and the outcome was named the ASEAN Cluster + Guam, and then later, just the ASEAN Cluster. Being the second smallest practice in the region, the Philippine partners were not in a position to object to such an initiative.

By this stage, the senior partners had begun conceptualizing about succession plans and possible alternatives to the future leadership of CLMC. The senior partners were convinced that the operating platform they had established had long been successful and that the resources who would most likely be the next generation of leaders had, through the years, been identified, developed and trained to be equipped to take the firm to the next wave. Success, the senior partners thought, could only be sustained by great leadership if a succession plan were in place.

Reflections and Insights

Partnering and merging are natural life processes in dynamic, evolving, and adaptive environments. As in the biological ecosystems, the ecosystems of organizations, based on the experiences of CLMC, reveal how speed of changes and complex dynamics define and redefine the initial relationships and eventually the resolutions arrived at informal relationships or partnerships. From the foregoing experiences, it was clear to the leaders why they came together to be partners, with whom they could best be partners, when and under what conditions would relationships be value-added. It also seemed clear that the underpinning motivations of the leaders/founders of CLMC did not only rest in opportunities for business and profitability but, more importantly, on the core values that are invaluable to relationships and partnership.

For anyone who would engage in and enter into the “den” of negotiations and undertakings, it would be well for one representing his or her organization to be sensitive to both the internal and external dynamics of value alignment, value compatibility, and value synchronicity.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Part TWO

"Breaking In Boundaries"

Norming and Converging Stages of CLMC

I.NTEGRITY


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2003

Chapter 4

THE NORMING PROCESS

Establishing Patterns of Ways of Doing

"Nothing is more difficult to take in hand,
More perilous to conduct,
Or more uncertain of success,
Than to take the lead in the
Introduction of a new order of things."

- Machiavelli

Chaos/Order

The winds of change are life generating opportunities but the waves of development invariably require order and stability. Every change entails a paradox. As a law of life, out of order comes the need for change, but out of change comes the need for order. The speedy change that occurred in the formation and growth of CLMC could not be left to chance. There was always a consciousness on the leadership to establish and keep "order" and "norms" in place, if the firm were to live by its commitment to quality and integrity.

While change takes the breath away in the excitement of the breakthrough and the novelty and the vitality of a dynamic organization, the order and norms of things require the system to take stock of breath, to settle down, to establish stability. At CLMC, the partners and the professionals knew right from the start that it was important to keep things in order and to be bounded by the norms. For Land and Jarman[1], the second breakpoint change in organizational growth is called "Norming." The focus of the "norming" movement or change is on the "setting up of rules and norms that govern how the system connects internally and with its external environment." How was this addressed in the growth and development stages of CLMC? What were the underlying belief systems that were adhered to and demonstrated as patterns of behavior? How was this process of "norming" done at CLMC? How was the continuing formation of the firm sustained while "norming" was being pursued? What were stabilized, normalized, standardized, and systematized? What principles and practices were established as benchmarks? What standards of quality were set? What products/services were rendered successfully and excellently? What were the success factors at this stage? Who were the key players leading this process? What were accomplished and established? These are so many questions that have to be answered.

"Be the Best – Do Your Best" – An Individual Challenge and a Shared Experience

When the "best" is the norm right at the "thought" level, the process of becoming the "best" is like making the "being best" as the point to begin within the process of becoming "best." From the experience of CLMC, two key points had

[1] Land and Jarman, *Breakpoint Change and Beyond: Mastering the Future* (New York: John Wiley & Sons, 1992).

surfaced as a matter of principle in this process of "norming." First was the principle of the primacy of the thought "of being best" as a point to begin the process of becoming. Second was the principle of time as a continuum of the thought process rather than as a point in time independent from the thought.

One significant policy that emerged in the stories of those who were in the early formation of the organization was: "Be the Best/Do your Best Now." There was no question about the firm being new, young, and just getting underway. But by leadership example, everyone was to start the day with the motto: "BE THE BEST/DO YOUR BEST NOW." It was like a mindset where "being/behaving/becoming" are rolled into one integral process. So, everyone began with the thought of "being best/doing best" and behaving at one's best from day one. NOW was the moment of "being best." The process of becoming came as a consequence of or from an effort to be the best. This was reflected even in the way one was dressed properly for the office or for a visit to a client: "DRESS RIGHT/DRESS BEST!"

The staff recalled the experiences of hard work on their "norming" and on their establishing the "norm of the best." But they realized that they were always encouraged first to "think best" as the norm and then motivated to do or function best as a way of doing things. It was like taking two realities at every moment, "being best/doing best." There was no waiting for a later time to doing best but to "Do it right the first time." Reinforcing this principle was DTT's vision when CLMC had become a DTT firm, namely, "to be the best professional services firm in the world." Many of the computer screen savers and posters on the walls carried this message:

> "Sow a thought, and you reap an act;
> Sow an act, and you reap a habit;
> Sow a habit, and you reap a character;
> Sow a character, and you reap a destiny."

Those who joined the firm recalled that the leaders of the firm extracted from them what the leaders themselves modeled or lived. When an engagement was initiated, the team approach was put in full steam. No one did a task independent of the other and neither did anyone's output go unchecked. Issues were deliberated well and analyzed critically for learning purposes and then decided collectively. When the team approach process was not fully followed due to staff limitation, there was no excuse to do the tasks without the benefit of team feedback. When skills were observed inadequate, one-on-one coaching was done. To complement this coaching process, training was given, both in-house and outsourced. Others were also sent to overseas training for updating or encouraged to take on professional career advancement in formal education. When individual and group outputs were generated, quality controls were installed and implemented. There was always a constant challenge to standardize, update, and at the same time think/develop options and innovations.

At the corporate functioning, there was a conscious and deliberate move, to establish the Quality Control Unit when CLMC became a DTT partner in June 1999. One of the auditors, Melissa Sanchez-Delgado, who was with CLMC at the start, was designated to take care of this function. When asked how she started the "norming process," she said that CLMC utilized and reviewed the DTT systems and procedures and adopted them to local situations. These were used and tested at every auditing season. Soon after the auditing cycle was over, feedback and insights were drawn from their experiences with different clients for further revisions and refinement of the system, policies, and procedures. In retrospect, Melissa claims that the practice was always accompanied by a system that checks, monitors, and validates the process for quality control.

Organizational Life: A Policy Matter

As mentioned earlier, a significant example of the norming process in the organizational life at CLMC was that of the "dress code." It was the metaphor for the firm's organizational life. The byword was "Dress Right! Dress Best!" To CLMC, the "dress code" was the first norming process that created the impression of "norm/order" or decorum. So, everyday at CLMC, one needs to remind him/herself to always "Dress Right! Dress Best!" whether at work, in the office or with Clients. The mark of being a professional at first sight is in the matter of proper clothes.

CLMC, in the beginning, had a very formal dress code policy: "strictly no pants" for ladies and "strictly long sleeves" for gentlemen. Some professionals who joined CLMC had difficulty adapting to the existing CLMC practice, so much so that a number of the staff signed a petition addressed to the partners, questioning the rationale of the existing dress code policy.

After the initial resistance which was addressed by the partners, the same dress code remained in effect for another year or so. Management remained open to feedback in consideration of existing corporate trends and client practices, and the code was then relaxed. Global trends were gearing towards a more relaxed, casual dress policy. The firm tried out several formulas to ensure that a professional corporate image is projected through its dress code. Initially, it provided uniforms, polo barong, and blazers to the staff. However, the staff wanted individuality, so the uniforms were discarded. This resulted in the present more relaxed guidelines for dressing. Ladies were allowed to wear slacks and the gentlemen, short-sleeved polo shirts.

But there was more to "dress right, dress best" for the leaders, managers, juniors, and staff at CLMC. Norming as a process was not merely putting up policies, rules and regulations. The "norming process" was done through the sharing of vision and values during informal gatherings, at meetings and focused sessions, celebrations, and at every opportunity for dialogue and interaction between partners and staff. The communication processes were open and interactive. Everyone could provide feedback and discuss issues and concerns, through a suggestion box, email, or in one-on-one coaching or dialogue. Newly hired people were encouraged to participate in the process when they saw how leadership/management responded to the valid suggestions promptly and adequately. When there were moments of anger and frustration expressed over errors and mistakes, these were soon forgotten after the issues were addressed. The atmosphere returned to normal and the experience was taken as part of the learning process.

Skills and Standards Building

Another feature that provided the dynamic mechanism for norming was the priority given by leadership/management to invest in continuous training and learning among the staff.

Political Will

In the early years of CLMC, the challenge was to establish common ways of conduct for the professionals who may have come from other accounting firms. The appointment as DTT firm and the consequent expansion with the "partial merger" of two practices presented more challenges and emphasized the need to have standards. The key in addressing these challenges, primarily, was in the will of the firm's leaders. For example, upon the appointment as DTT member firm, everyone in Audit was required to use AuditSystem/2 or the AS/2, the DTT proprietary audit methodology and software, regardless of the size of client and whether it was a multinational client or not, whether a DTT client or not. This forced all auditors, from Partners to Staff, to study and learn AS/2. With this directive from the top, all had to undergo the training and render themselves equipped in using the audit methodology. The partners lost no time in providing the necessary skills to its staff, regardless of the costs and the challenges in resources. The partners wanted not only to upgrade the staff's skills in the DTT methodology, but also for the staff's skills to be aligned with other DTT practices, and perhaps even surpass those of the competitors. Thus, the partners requested that a trainer from the Canadian office of DTT, Venkat Kannan, come to Manila to deliver the first round of AS/2 training for the staff. The same resource came back a couple of times more during the course of the audit season of CLMC's first year as a DTT firm, to give guidance to the staff as they encountered issues in using the DTT audit approach. This enabled the staff to quickly upgrade their skills as well as to develop output quality standards that were at par with the rest of the world. The following is an excerpt from the report of a DTT Practice Review conducted in 2003:

> *"Overall, the Philippines does not have critical infrastructure issues in the AS/2 implementation. Level of computer availability, support, and foundation training are considered adequate with reference to the size of the practice."*

This report was prepared by Cissy Chiu of the DTT regional office in Hong Kong on DTT's assessment of the AS/2 implementation in the firm during the 2003 Practice Review headed by Suzie Gough, a partner from the DTT Hong Kong practice.

Seizing Opportunities and Maximizing Resources

The firm's partners recognized from the start that building up skills and capacity was a key ingredient to winning global clients and putting the firm's name in the map as a credible, professional services practice. Faced with this challenge, the firm naturally turned to its partner, DTT, to provide the needed support in its first two years as a member firm. DTT responded by providing the needed human resources as consultants either on a short-term basis at the height of the busy audit period or on a more long-term basis in response to specific client requirements, some of them coming from as far as DTT offices in South Africa, France, United States, Canada, Australia, and other countries. Such resources provided the hand-holding for the staff to be more comfortable in the use of the DTT audit approach and the assistance in establishing client relationships. They also shared new skills inherent to procedures in certain industries where the firm lacked solid skills. The firm strived to get the most out of the presence of these resources by utilizing them in the training programs for the staff, either on the job or in classroom setting. When DTT experts in specialized industries came for a visit such as those in insurance, banking, or securities brokerage industries, or whenever the head of DTT's global Japanese service group scheduled a visit to Manila, the partners would request them for a briefing of the staff on their areas of expertise. They provided insights on how to approach certain major clients. In many instances, the partners took the opportunity to bring the DTT experts for visits with clients, both existing and potential, to show the clients the breadth and depth of expertise and knowledge available at CLMC. These interfaces with professionals from more advanced DTT practices and multinational clients with more sophisticated operations improved the technical skills and confidence of CLMC's people on the one hand, and enhanced client relationships on the other. Moreover, these provided the CLMC staff much wider, cross-cultural, and international perspectives. In no time, the service professionals were becoming more and more confident in communicating in English as well as in the "technical" language.

Cross-Border Sharing of Resources

Some of the DTT resources that had shared their expertise and contributed to developing the CLMC talent were:

1. *John Jake Killeen, US expat posted in Manila as consultant on practice development from 1998-2003*
2. *Loretta Ayers, US expat posted in Manila as consultant from 2003-2005*
3. *Troy Short, US partner based in Japan who served as consultant for an audit client*
4. *Lucia Pham, Canadian/Vietnamese senior manager assigned in Manila to assist in advisory capacity for an audit client*
5. *Patrice Brusciano, French Senior Manager assigned in Manila to assist in an advisory capacity for a French audit client*
6. *Frederic Mortamais, French Senior Manager assigned in Manila to assist in an advisory capacity for a French audit client*
7. *Gina Faure, South African senior who rendered training support to an audit team*
8. *Karin Zharnack, South African Senior Manager who rendered training support for audit teams; likewise, conducted basic audit and AS/2 training, along with Gina Faure, during their one-month stint at CLMC*
9. *Patrick Henry, US partner based in Hong Kong (and later in New York) as regional head for the audit of major multinational stock brokerages*
10. *Sam Uchimura, Japanese regional partner for the Japan Desk (Japanese clients in the region)*
11. *Venkatt Kannan, Canadian resource for the training on AS/2*
12. *Cissy Chiu, Hong Kong regional director/ coordinator for training and development*
13. *John Driscoll, regional human resource director and coordinator based in Hong Kong to assist and render advice in handling HR matters*
14. *Priya Martin, John's predecessor to the regional HR role, rendering advice and assistance on HR related issues particularly the Global Development Program*
15. *Neil Stiles, New Zealand retired partner handling professional development training*
16. *Simon Walpole, British actuary/partner handling insurance actuarial reviews, assigned to assist Manila in providing training for audits of insurance companies.*
17. *Jack Ribeiro, US partner based in Japan and later in New York, served DTT as regional head for the Global Financial Services Industry*
18. *Steve Butters, US partner and deputy of Jack Ribeiro*
19. *Graham Segger, Canadian partner who was the Lead Client Service Partner for a group of insurance companies*
20. *Dennis Wu, US partner who supported the CLMC secondees assigned in the US for 18 months under the Global Development Program*

The above names are just some of the long list of DTT professionals who visited or were assigned at CLMC, and shared generously their time and talent for the firm's development.

The firm also has had its share of sending its partners and professionals to other DTT offices abroad, especially in the ASEAN Region, either as reviewer in country practice reviews or as resource in "Just-in-Time" arrangements to help in servicing clients (for example in the U.S. and in the U.K.), and/or in exchange programs such as the Global Development Program discussed elsewhere in this chapter.

Group Consultations
Left to right: Joey Pasatiempo, Rizalina VD Arco, Ofelia A. Gamad, Mamerto D. Jayco, Angelito D. Cu, Diane S. Yap, Luz A. Bernardo

Practice, Practice, Practice

The firm was never content with the status quo. The firm's leadership itself was always the first to challenge existing practices. It strived to continue challenging the staff. Long before the use of Microsoft PowerPoint presentations became widely popular, Conchita required PowerPoint presentations in meetings with audit clients, regardless of whether such a meeting was an introductory meeting, or in the proposal stage, or on the final deliverable presentation stage. This exposed partners and managers to public speaking and enhanced their presentation skills while the support staff learned to prepare impressive presentations.

The partners encouraged their staff to take opportunities to practice their new-found skills whether these were in formal training sessions, monthly meetings, or larger assemblies.

This new practice inspired the staff to pursue more formal courses in presentation skills. Thus, attendance to the presentation skills modules of the firm's training programs significantly improved. The same was true for the non-audit service lines. Everyone was motivated to be trained very early on to develop the confidence for business presentations.

Exporting Resources via the Global Development Program

Operating in a vast marketplace without borders, DTT continues to build on global expertise and reinforces this in an initiative known as the Deloitte Global Development Program (GDP). The GDP is a Human Resource curriculum where promising mid-career employees (usually semi-seniors to senior auditors to newly appointed assistant managers) throughout the Deloitte organizations in the world are assigned to work in other Deloitte offices in other countries. Participants are able to further develop their foreign language skills and study the business practices and cultures of other countries. They can network not only with the people from the host country but also with the other participants from other countries. This would broaden their business perspective and they can learn first-hand, global best practices in more developed countries. Former DTT global CEO, James Copeland, Jr., once said, "We take pride in preparing our people to help clients excel in a marketplace without borders."

Each year, the firm participates in the Global Development Program. Partners identify and nominate candidates from the staff pool. Then the candidates undergo a rigorous selection process where they undergo tests and are interviewed by a panel of partners. Finally the firm submits the names and credentials of the short-listed candidates to DTT for consideration into the program. The successful candidates are employed by more advanced DTT firms (such as those in the United States, in Canada, in Australia and in other advanced countries in need of multi-cultural trainees) for at least 18 months, after which they then return home more experienced. Each GDP participant, upon his/her return, brings with him/her valuable experiences and knowledge learned from the more advanced practice, which knowledge are shared and transferred to others in the home firm. The graduates of the GDP usually become "champions of learning," and participate proactively in other major initiatives of the firm.

DTT's Hand

DTT also had a significant hand in helping the firm adopt a single set of internationally accepted standards. DTT ensured that the firm adopted from the beginning, the DTT standards. Practice reviews on CLMC were conducted by DTT every two or three years. In such practice reviews, DTT partners from various countries conduct a review of each of the service lines (audit, tax, financial advisory, enterprise risk services) and existing practices in risk management, quality assurance, practice management, human resource management, information technology infrastructure, and DTT methodologies. Such a review measures the firm's methods against DTT-prescribed standards and best practices. The first formal practice review on CLMC's audit practice was conducted in 2000 (a year after becoming a DTT member firm), and the firm received very good marks. The following is the practice review team's report:

> *"We appreciate that your firm only became the Deloitte Touche Tohmatsu Representative Firm in Philippines in 1999, and the training of the firm in the Deloitte Touche Tohmatsu audit approach only took place late last year. It is clear that the management of the firm has taken a keen interest in ensuring the quality of the audit process and that [the] partners and staff have participated in the AuditSystem/2 training."* – Quoted from the covering letter dated September 8, 2000 of Alan Flanders, head of the practice review team who conducted a practice review in 2000 and addressed to Conchita Manabat, the firm's Managing Partner at the time.

The next practice review was done in 2003 covering both the audit and enterprise risk services. Once again, the firm was commended for its achievements and commitment to the DTT standards. Conchita congratulated everyone in her June 27, 2003 memo to the firm's staff after the practice review, and emphasized the firm's resolve to be "The Best," as follows:

> *"The 2003 DTT Practice Review Team (Suzie Gough- Leader, Cissy M. S. Chiu, Lee H. Vensel, and Steven Lee) completed their tasks today.*
>
> *Generally, the team reported that as a young and growing practice, our firm has gone a long way. They appreciate our "family culture" and the enthusiasm of our professionals. Our full implementation of AS/2 and our firm's continuing support to AS/2 adoption by way of adequate provision of computers were favorably noted. Our risk management was cited and overall, we fared well. There are of course areas of improvement…. We need to implement a number of enhancements and recommendations to further raise the bar of compliance by our practice. …*
>
> *Based on the preliminary assessment reports, I wish to congratulate all for bringing our practice to a level that we can be proud of. We can be the best and with joint resolve, we will be the best!"*

In the same year, CLMC's tax and financial advisory practices were also subjected to the same scrutiny from the DTT reviewers. If one were to realize that the benchmarks applied were crafted and established by bigger and more advanced practices, "raising the bar of compliance" by a small practice with limited resources operating in a less advanced economy, was truly a real feat for the very young CLMC practice.

Left to right – Manuel O. Faustino, Deloitte Deputy Regional CEO Todd Smith, Deloitte Regional CEO Manoj Singh, Conchita L. Manabat

Later in November of 2003, upon the initiative of DTT's newly-appointed Regional Managing Partner for the Asia Pacific, another DTT team came to Manila to perform a review of the firm's overall operations to determine ways of achieving greater efficiency and ensuring profitability.

In its report, the review team recognized the partners' commitment to the practice and openness to adopt best practices. Here is an excerpt from the team's report which was discussed with the partners:

> *"… we do want to recognize that we were impressed overall by many aspects of the practice – the partners have demonstrated their commitment and ability to grow the practice to a critical mass in its four years of existence provide quality service to our MNC clients and attract and retain high quality employees….. The firm is very open to various forms of non-financial support and training of its staff, managers and partners so that the firm does not have to 'reinvent the wheel.' It is particularly open to best practices."*

The team submitted recommendations to address operational issues including the implementation of a practice management system, the conduct of an efficiency review, and the addressing of concerns facing the practice such as leadership succession and expansion.

The immediate step following the review, based on recommendations by the review team, was the formation of a "Task Force to implement the recommended changes." In her message for Christmas 2003, Conchita wrote:

> *"… 2003 is a year of "settling down" for us. The preceding four-year period was a ramped-up time for building our firm faced by major changes in the landscape of accountancy, globally and in our country. We have grown rapidly amidst all the many challenges in the environment and I wish to thank all of you for that."*
>
> *"I see the coming year as an opportune time to focus on the three E's: experience, efficiency and effectiveness. We gained valuable experience in the last four years of Deloitte membership. We will enhance it further by opening ourselves to **new ideas and ways of doing things**. We will embark on major initiatives that will **re-engineer our practice**. The regional Deloitte office will drive the effort. A new practice management system is being rolled out which is a major component of the many changes that are forthcoming. All of these initiatives aim to make us efficient and effective."*
>
> *"As we welcome 2004, let us consider the good characteristics of the monkey in the Chinese calendar that symbolizes the coming year.*

*The monkey is very clever, talented, creative, cheerful and generous. Just like the monkey, we are inherently brainy, reliable, adaptable and **virtually unsinkable** as proven during the past Andersen events. We have the power **to change things when required**. We improve and do things better, and at times, we even amaze ourselves at what we are capable of doing. Let us be guided by the monkey as we **embrace best practices** towards a successful practice of accountancy."*

The task force, or "Re-engineering Task Force" as it was termed, consisted of two CLMC partners and three DTT partners: Manuel Faustino and Luz Bernardo from CLMC; and from DTT, Loretta Ayers – the US Partner, Todd Smith – the Deputy of the Regional Managing Partner, and Ron Barrington – a US Partner and the COO of the Thailand practice. The role of DTT was strictly advisory, and this was put in writing in a Task Force Agreement dated December 30, 2003 signed by the two parties, CLMC and DTT.

The re-engineering initiative was active for the most part of 2004 with company-wide participation, as the majority of the partners, managers, and staff were involved in one way or another. Its major achievement, perhaps, was the launch of an Audit Efficiency and Effectiveness Initiative in the first quarter of 2004. Other accomplishments were the introduction of partner goal-setting and performance management system, the implementation of a practice management system, and enhancement in the monitoring of operations, including cash flow management, client billings, and collection. Manuel sent the following memo to the audit staff on March 5, 2004:

"…The primary objectives of this Initiative are to enhance the quality and effectiveness of our audits, while at the same time improving our audit profitability. Over the course of the next few weeks, you may be called upon to assist with our activities, which will include:

** Reviewing certain audit engagements, for the purpose of identifying best practices and opportunities for efficiency. This review will occur in two phases, the first consisting mostly of certain clients with March 31 and June 30 year ends, and the second consisting of certain clients with December 31 year ends,*

** Presentation of training to all partners, managers and seniors as to the best practices and efficiency opportunities that were identified,*

** Meeting with the audit teams for the engagements selected to review their FY 04 audit plans, and*

** Providing planning, scheduling, budgeting and billing guidelines for FY 04 audits.*

….The success of the Audit Efficiency and Planning Effectiveness Initiative is dependent on the active participation of all our partners, managers and seniors in the planning of our FY 04 engagements. We thank you in advance for your participation in this process."

The Audit Efficiency and Effectiveness Initiative resulted in the improvement of approaches to engagement proposal preparation, planning, execution, and management with the mandate of a more extensive involvement of partners and managers in all stages of the audit. It also brought about a more effective capture of time spent and timely billing of clients for work performed. These needed the re-tooling and re-training of staff on more efficient ways of their performance. The task force spearheaded the initiative by conducting a series of extensive seminars and orientations among the audit partners, managers, and staff.

The DTT practice reviews continued on every two to three years to ensure that the global standards of DTT were adhered to.

Opportunities, the Motivating Factor

The opportunities to grow, learn, advance, and get promoted constitute the top three reasons why the employees and professionals considered CLMC the "employer of choice." They further claimed that the opportunities for national and international exposure in training and learning compensated for the level of compensation package that CLMC gave to the staff (vis-à-vis the competitors' package). The following programs were some of the opportunities in learning that contributed to the firm's competency development, its norming and high standards for quality service and performance:

- **Global Development Program** – GDP, the international assignment program previously described, was the most popular program and it was everyone's dream to be part of it, to be sent by the firm to work on an international assignment for eighteen months and to "experience the world." CLMC had always supported the GDP for the benefits and opportunities the program would bring to the staff and to the firm. The benefits to the staff were immediate like higher income, more advanced training, international exposure while the benefits to the firm were seen as more long-term in coming.

  At its inception as a DTT firm in 1999, CLMC immediately sent two candidates to the program: Bernadett Sanchez was taken in by the Los Angeles practice, while Diane Yap was accepted by the San Francisco office. After completing the program, they returned to the firm, and eventually became partners, Bernadett in 2002 and Diane in 2005. Bonifacio Lumacang, on the other hand, was sent also to the San Francisco firm and returned to Manila to eventually become a partner in 2006.

  Despite the continuing debate among partners and managers on the cost-benefits of the program and the tangible results to the firm (because it was difficult to get assurance that the participants would return), CLMC continued to send participants year to year (except in 2006 when the firm temporarily suspended participation to further re-evaluate the cost-benefits issue). In 2007, the firm resumed its participation and proceeded with the process of selecting the candidates to the program.

The GDP Graduates (up to 2005)

1998/99 - Sebastian Rodolfo and Chona Aguilar were in the DTT Los Angeles and San Francisco offices, respectively, during the transition year when CLMC became a DTT member firm.

1999 - Bernadett Sanchez was posted in the Los Angeles office while Diane Yap was assigned to the San Francisco office. Wilma Oliveros of the Tax group was also sent to the Tokyo, Japan office for a short-term hands-on training.

2000 - Bonifacio Lumacang was sent also to the San Francisco office while Joven Abrillo was sent to the Melbourne office in Australia.

2001 – Agnes Sabino was accepted by the DTT office in Seattle while Guillermo Brace, Jr. was sent to the New York office.

2002 – Alaime Galido was accepted by the Seattle office while Jennifer Nieva was assigned to the San Francisco office.

2003 – Alex Bustarde was accepted by the Tri-State office in the US.

2004 – John Eric Rodillas was posted at the Toronto office in Canada.

2005 – Gilbert Angeles and Sherwin Sampang were accepted by the San Francisco and Boston offices, respectively.

Some of the GDP graduates regrettably decided not to return to honor their commitments to CLMC, or if they did return, eventually left the firm mostly for overseas opportunities, thereby contributing further to some of the partners' concerns with regard to the efficacy of the program. Thus in 2006, as previously mentioned, the firm had to temporarily suspend its participation in the program for a year. This came at a time when a shortage of supply of audit professionals was happening in developed markets such as in the United States due to the increasing demand for experienced auditors brought about by increasing work engagements required by the Sarbanes-Oxley Act on audits of publicly listed companies. The Big Four firms therefore needed to hire more experienced auditors, and the Philippines was naturally a good source of English-speaking experienced auditors to satisfy the increasing overseas demand. Many therefore looked at the GDP assignment as an excellent springboard from which to accept offers from other Big Four firms for employment abroad.

For the returnees however, it had given them the opportunity to share their own unique international experiences from the program with the firm. They had championed certain improvement initiatives, had been assigned to larger and more challenging clients, and had become speakers and trainers within and outside the firm. Best of all, the program had accelerated their eventual elevation into the partnership as Partners.

- **Practice Reviews** – As previously discussed, DTT periodically conducted practice reviews of its member firms in order for managers and staff to develop competence and confidence, and for the member firms to uphold DTT's global standards. These reviews evaluated the member firms' adherence to DTT standards and practices especially in the utilization of DTT's audit enabling tool and software, the AS/2, and all the other elements of the quality assurance and risk management systems. These included the procedures for acceptance and continuation of clients and engagements, independence, recruitment, advancement and development of professional staff, consultation, engagement quality assurance reviews, and overall client service.[2]

  In preparation for these reviews, CLMC undertook self-reviews on a more frequent schedule and with more rigid standards. In the early years, a peer review exercise was done where partners and managers were tasked to review one another's engagements. The practice has since evolved to create cross-functional, cross-level internal practice review teams after each major busy period. The exercise brought to light issues on non-standard practices, areas that could be improved, areas where more training and orientation may be required. These resulted in the development of quality manuals, guidelines,

[2] Staff Bits, September 2000, Vol. 1, No 3.

and standardized procedures and development of training programs specific to the identified training needs. In the process, members of the review teams and those being reviewed had gained valuable insights and learning from one another.

CLMC also had opportunities to put some of its people in practice review teams to assess DTT member firms in other countries, thus enabling them to gain greater exposure and to learn from practices of more advanced firms. Among those who received this type of exposure were Mamerto Jayco, Angelito Cu, Diane Yap, Bernadett Sanchez, and Bonifacio Lumacang for Audit, and Imelda Tapay and Shefali Raina for Financial Advisory Services.

- **Managers' Development Program** – This was one of the learning initiatives of the firm to develop its managers, engaging the services of foreign experts and instructors to conduct the training. The first of such initiatives was conducted and facilitated by Frank Pohl from DTT New Zealand and Kim Rose, a learning consultant of DTT from Forum Corporation. The session focused on Business Development and Creative Problem-Solving through the use of the framework on diagnosing client values, identifying value orientation, and managing information. These were deemed essential to the service staff to be able to develop a deeper understanding of clients' values. The session also included exercises on giving and receiving feedback which enabled the managers to improve relationships within the organization which translated to better service to clients in the delivery of professional services – all towards fulfilling CLMC's mission of helping clients and its people to excel.[3]

  Subsequently, a similar program was conducted by a former DTT partner of the New Zealand practice, Neil Stiles, who came for two consecutive years to facilitate two management courses: "Management Excellence" for new managers and "Leadership Excellence" for senior managers, directors, and partners. Traditionally, these programs were offered in regional DTT training where the firm can only send one or two participants abroad. The partners decided that it would be better to bring the programs "in-country", i.e., bringing the foreign facilitators into the country rather than sending the firm's people out. They believed the programs brought skills needed by all of its senior professionals and holding it in-country will benefit more people in the firm.

Other Staff Enhancement Opportunities

CLMC's partners had always been desirous of enriching its people's experience to develop them not only as service professionals but also as well-rounded individuals. One way of enhancing the professionals' skills and experience was to allow them to travel the world and expose them to practices in more developed countries in other ways than the aforementioned GDP participation. The partners, therefore, had taken every opportunity to send their professionals abroad, whether for client assignments, training, or other exposure.

For example, CLMC had been a contributor of trainor resources to the US office training program. Even at its early years as a DTT member firm, CLMC had shared its resources regardless of the need for resources locally. Chona Aguilar, a former GDP program participant who returned to CLMC as Manager, was sent as an instructor to the US Office in Leesburg, Virginia in July 2000. Melissa Sanchez-Delgado, then a Senior, was sent to handle the New Hires Training at Scottsdale,

[3] Staff Bits, December 2000, Vol. 1, No. 5.

Arizona in September 2000. Although Chona left the firm afterwards, many others aspired for similar assignments for learning that can be shared with others. On the other hand, Melissa moved up the ladder, handling the firm's Quality Control and Learning functions, and ultimately becoming one of the firm's partners in 2006.

The effort to create and provide opportunities for continuous training and education had never ceased. In fact, two of the firm's strengths as rated by its staff through the DTT Global Survey were: (1) Learning and Education, and (2) Client Relationship Management. It was no surprise then that the professional and support staff then continue to acknowledge these strengths and to clamor for more opportunities for further training and education as career path development and job enrichment/enhancement.

Other programs that contributed to the norming process at CLMC were: The scholarship programs to the Asian Institute of Management and other prestigious institutions, Leadership Programs for partners in Ivy League Schools (Wharton School of the University of Pennsylvania, Kellogg School of Management at the Northwestern University, IMD Business School in Lausanne, Switzerland), Dale Carnegie Leadership Training, the annual US Technical Excellence Program held in Hong Kong and in Singapore, skills development (management and leadership excellence, IT training, business writing, negotiations, project management, effective presentation, personality development, etc.), all updated technical courses and training, including new developments in accounting and auditing standards.

Audit Learning

The basic training program for Audit evolved from internally developed training modules until the DTT global office finalized a curriculum across all audit professionals in the worldwide organization of DTT. This was known as Partners in Learning (PIL) and was fully implemented by around 2003-04. However, the adoption of the PIL curriculum at CLMC was not without challenges. The firm had to have the training of trainers, and had to undertake the re-orientation of the audit staff, and the revision of training policies before the program could be fully assimilated into the routine learning programs of the firm.

There were other learning management challenges within CLMC itself. For instance, learning-hour requirements for every professional had already been established at the start. Each professional needed to complete at least 40 hours of learning in a year. But implementing the policies and eliciting conformity had not been easy. While personal development had always been a priority to most of CLMC's people, oftentimes the schedule for training had been put aside and sacrificed by the demands of many hours of client servicing. As the years progressed and the training program became more organized, the implementation of policies also became stricter. With a push from the Managing Partner and support from the partners and managers, everyone soon recognized the importance of having adequately trained teams, and consequently gave complete support to the activity. Monitoring systems and learning tools were also established globally, thus helping with the smooth and uniform implementation of policies and programs across the borders. That was because compliance with the required learning units had to be reported to and monitored by the regional office.

After the events that affected the industry in recent history post-Enron, there was growing challenge in the worldwide practice to push for stronger Risk Management which required the severe review and tightening of policies and standards. Accordingly, global meetings, conferences and training programs were conducted by DTT to focus on this critical area to ensure that country firms all over the world are organized and prepared to address the evolving issues.

Global Excellence Model

The Global Excellence Model (GEM) was probably one example of CLMC's ability to adapt to new ways of doing business. Being a young firm gave it the flexibility and the ease to maneuver to adapt new practices. GEM was a Deloitte global initiative on human resource management which covered areas such as performance management, learning, career development, and feedback. It provided standards of measurements and processes for personal development across levels. Particularly important to CLMC was the GEM's performance management system which was immediately and painlessly adopted by the firm after its appointment by DTT.

Score Card and Performance Management

The idea of implementing a score card system started in 2001. This was intended as a tool to aid the performance management process. The challenge from the start was to reduce the subjective judgment of performance evaluations. It had been generally perceived that an employee's assessment was largely dependent on the opinion and judgment of their evaluators, usually their supervisors at work. Many felt that they had been unfairly evaluated, and many worried that since assessments were done too far at the end of the fiscal year, their promotion might be affected by isolated, random events affecting superior-subordinate relationships that would unfairly negate the true evaluation of their performance. A change then in the method of evaluation had to be fashioned, which evolved from a simple evaluation process to a system that followed guidelines rolled out by DTT across the globe called the GEM.

The GEM established the standards of measurement (a model of how a staff should meet/exceed expectations in his/her performance) that enabled the supervisor-evaluator to assess more objectively the performance of the staff. This was documented in a form called "Engagement Performance Review" (EPR), and was accomplished by the evaluator after each engagement, usually quarterly (and not only at the end of the fiscal year). The EPR from the employee's supervisor became just one of the evaluations that an employee received. There were ratings from peers, the score from the client's evaluation of the engagement, the score from the employee's involvement in various initiatives of the firm, the ratings from the results of training (either as trainor/instructor, trainee, or both), and from other involvements and responsibilities. The Score Card thus evolved into a "360-degree" evaluation process to respond to the need for a more objective and well-rounded quantitative measures of performance that supported the firm's initiatives and strategies.

Management wanted its people to take responsibility for their performance results and for their future by introducing objective measures of performance that were transparent and within the staff's control. Another objective was to develop well-rounded professionals in the areas of leadership, service, learning, and marketing. It was also meant to level the playing field and reward people based on their contributions to the firm's performance, which was not always through service delivery. For instance, there were those who contributed more in marketing and developing accounts, or in developing professionals through training or quality reviews, or those in administrative functions. Their contributions, even if different from the client-servicing professionals who comprise the majority, were recognized.

The Score Card initiative went through a process of evolution and again, was not without challenges. It started with a very crude framework but was nevertheless launched to let the process flow into the system, generate interest and be imbibed by the staff. More heads however were needed to further develop and refine the concept. While it started as an administration initiative, the service professionals started to get involved as they realized its impact on their lives and their future within the firm. As the initiative progressed, the process of enhancing and refining the mechanics proceeded. A committee was finally formed, with membership coming from staff volunteers cutting across levels and service lines, to craft the guidelines and to recommend and implement the enhancements. The final framework for the well-rounded Score Card was then in place by 2002.

Technical Exams

The conducting of semi-annual technical exams (like simulated CPA licensure exams) was a unique initiative introduced at CLMC. No other local accounting firm probably has a similar practice then. The reaction when it was initially introduced was astonishment. Surely, certified professionals did not expect to be "again examined and tested" at work. They were done with the licensure exams and testing in school. Nevertheless they had to undergo exams which became part of the CLMC culture. The practice was initiated during the time when local accounting standards were being widely amended in response to international pressures resulting from the widely-publicized scandals in the accounting industry in 2001. The local Standards Council started adopting internationally accepted accounting and auditing standards. Because of the many changes, accounting professionals needed to be updated with the revisions and with the newly adopted standards. Thus, technical exams were implemented to ensure that CLMC's professionals were keeping abreast with the rapidly changing environment. While not accepted at first, the staff soon appreciated its merits because the exams forced them to study and to learn the revised standards, something that they would have likely put off if they had been on their own.

Norming in Non-Audit Service Lines

Evolution of the Consulting Group

The Consulting Group started with a skeleton force of three professionals: Luz Bernardo (as practice leader), Diane Yap, and Clarita Nunez. The group started operating under First Philippine Consultants, Inc., as re-established by Conchita when she left her former practice in 1997. After a year or so, Clarita left the firm and Diane transferred to Audit (and eventually became audit partner in 2005). But additional resources were enticed to join the group, and two of those in the early years were Riza Arco and Imelda Tapay. Riza, who joined the firm earlier than Imelda, started as a Senior Assistant, and stayed on to progress as a Senior Manager in 2006. Riza supported Luz in building up the consulting practice and in establishing the norms within the group in the early months. Imelda, a more experienced consultant, joined the group as Manager after CLMC's DTT appointment in 1999. She handled the Business Process Outsourcing unit (BPO) and the Financial Advisory Services engagements (FAS). She eventually became a Partner in 2005.

In early 2002, a senior resource, Cecilio Amoranto (a recent retiree at that time from the local franchise holder of the leading international food chain, and before that, a retiree from a large multinational information technology company), joined the group. He was an asset particularly in handling financial advisory engagements, thus reinforcing the group's credibility and leadership. He was elevated and admitted into the partnership as Partner towards September of 2002.

Two other resources joined Luz in 2003 to move the group forward to a stronger position. These were Luisito Amper, who was with Deloitte Consulting when it had its office in the Philippines, and Shefali Raina, an Indian national who provided her expertise as a Consultant particularly on financial advisory and corporate strategy engagements, and who supported Luz in carving out strategies for the consulting group. Luisito initially joined as Manager to take care of the growing Enterprise Risk Services unit (ERS) and eventually became a Partner by the middle of 2005 to lead that unit. With these additions to the team, Luz had this to say:

> *"The team's power cast is now complete. The three service line units (FAS, ERS and BPO) making up the Consulting Group, are like legs of a tripod, each providing the stability for the entire group to stand on."*

Norming for the group encompassed several areas: strategy and direction-setting, staff assignments, staff learning, and quality management.

Setting Directions

The group was initially known by the traditional name of "Management Services" when CLMC was initially established. Upon CLMC's appointment as a DTT member firm, DTT's nomenclature of "Management Solutions," which was used to describe the consulting services within DTT's audit practice, was adopted. In 2004, DTT decided to keep its consulting practice worldwide and to consolidate its consulting services practice to include Management Solutions, Human Capital, and Consulting services. This was in contrast to the other Big Four's move to divest themselves of their consulting practice. CLMC subsequently followed in adopting the name "Consulting" services to encompass its non-audit and non-tax services.

Considered necessary as part of the firm's product offerings but not necessarily needed for the firm to survive, the Consulting group was perhaps the most "neglected" of the service lines, not being directly connected with the more dominant Audit service line. The group had to survive on its own and had to carve its own strategies and future almost unattended by the firm's core management. The group, however, saw opportunities to gain important clients and expand its business. In fact, opportunities abound which were considered quite lucrative. The challenge, from the start, was to build the capability to service engagements and to find opportunities for potential markets.

The group nevertheless had been able to develop its own successful strategies from year-to-year. In its early years, the two partners in the group, Luz Bernardo and Cecilio Amoranto, defined the targets for the coming year. This was done, in consultation with Conchita and Manuel, as Chairperson and as Managing Partner, respectively. Having just two partners in the group, the leaders were conscious about using leverage in management. This meant, encouraging the sense of initiative and ownership of the group's direction and future from the lower ranks. The partners had always involved the managers in the annual planning session, where issues faced by the group were identified, and strategies for the coming year defined as a collective unit. Thus, certain ideas for initiatives were proposed and outlined, not by the partners, but by the managers. The motion caught on among the lower levels as they started to get involved and to participate in the group's various initiatives. In one of the group's regular "bull" sessions, it became apparent that the staff desired more than just being executors or participants of task forces. They wanted to become part of the "brains" of these initiatives in setting the directions for the group. Thus, the planning process became participative. This certainly facilitated the implementation and the execution of the group's plans.

Clamor for Specialization

The group initially focused on business consultancy and business process outsourcing engagements (bookkeeping/accounting services for clients), growing to about 45-50 in manpower when the FPCI and CLMC organizations were combined in 1999 upon DTT's appointment of CLMC as its Philippine partner. However, during that time, since the Audit group needed the critical mass and more experienced staff to service the rapid influx of DTT audit accounts, most of the Consulting group's professionals were absorbed by the Audit group, including Diane Yap who was sent to Deloitte's San Francisco office as a participant to the Global Development Program. Thus, at one point, consulting projects particularly BPO engagements, had no permanent staff and were manned by "borrowed staff" from the Audit group. The BPO service line suddenly found itself needing to hire and re-train new people. The initial strategy was to use BPO as a training ground for would-be audit professionals. The initial training and discipline provided by working in an accounting/bookkeeping environment became useful to the staff as they became auditors. But the practice was met with some ambivalence. While some of the would-be staff auditors and borrowed auditors felt that it provided them with the right training ground and a different perspective of the practice, others, however, found the work "demeaning" because they perceived bookkeepers or accountants to be of "lesser stature" than auditors. Consequently, there were staff members who avoided being assigned to such BPO or bookkeeping engagements. Faced with these challenges, the group diverted from its earlier staffing strategy and evolved to have its own dedicated resources.

During the growth years, staff members in the Consulting group were more general practitioners than specialists in certain disciplines. They were encouraged to be so since the group at that time offered everything and every kind of consulting service to its clients. The in-house ability to deliver specialized services was of secondary concern because resources and specialists from outside the firm could anyway be tapped when needed, and indeed, the group obtained support from outside experts. The foremost goal was to win an engagement, which would give an opportunity to develop the group's capability and credentials. If the client needed a financial consultant, it was expected that the staff should be able to offer financial advice, even on a general basis and to discharge it fairly competently. If the client's needs involved an internal controls assessment, it was also expected that the same staff should be able to handle the case. Likewise, if a big engagement in BPO or an engagement in Financial Due Diligence came along, the same professionals had been deployed to these assignments. The consultants, therefore, were encouraged to be flexible and multi-tasking. This enabled the Consulting group, at the stage of its growing practice, to respond to most of the client requirements thereby gaining for it the well-needed credentials and qualifications. Fortunately, there were major clients who were willing to "try out" the group's services and they eventually and literally "grew" with the group.

As the expertise developed, client requirements also had gotten more complex. And as the practice matured, the group saw the need to revisit its strategy and to focus on core areas where it had developed core competence over the years. It also wanted to develop only products or services of higher value and potential. Formal lines were drawn among the group's major service lines, i.e., enterprise risk services, financial advisory services, and business process outsourcing. The assignments of staff and most managers were clearly delineated. Each service line was made to develop its own strategies and be responsible for winning clients, staff development and performance management.

Enhancing Quality

Not having a ready-made strategy for staff development and quality assurance, the group had to literally start "from scratch." Training in the beginning was usually on-the-job and quality was assured through the close supervision of managers on-site. The practice worked when the group was small but posed challenges in standardizing quality and staff development when the group grew and increased its manpower and clientele.

More regular and more formalized learning activities were eventually conducted, which were mostly developed internally as there were no ready-made curriculum and training modules for the consulting service lines. For example, the ERS unit developed its own training modules and named the program, "learn@ERS." Learn@ERS was regularly conducted and enhanced on a yearly basis. Likewise, the other service units, FAS and BPO, developed their own learning programs and regularly conducted these based on their specific requirements.

Practice development activities were shared by everyone. These were assignments and tasks that may not be directly related to client servicing but contributed to developing the group's capabilities, client base and practices. Such activities included learning curriculum development, learning implementation, setting quality guidelines, knowledge-sharing, marketing, client-base development, publications, and other initiatives. Each one had a role to play whether as coordinator, as learning champion, or as member of task forces.

Some examples of such responsibilities were the monthly consulting sessions and the group's publication, "Daily Biz Bits." The group strived to meet on a regular basis to update everyone on developments and status of initiatives. The group held monthly "Consulting Sessions" (formerly "Solutions Sessions") which served as a venue for learning. And then, in related "Technical Sessions," someone was assigned to present an industry report. There were ideas-sharing and discussions on ways to improve the practice, obtain clients, improve service delivery, and assess the status of initiatives. Getting such regular updates encouraged people to be more involved and to participate. Coordinating these sessions were shared by the group's members. Responsibility for organizing activities for a particular session was rotated among the staff.

Likewise, the responsibility of running the daily business news excerpts and business update, in the "*Daily Biz Bits*" was also rotated amongst the staff. While organizing the articles and e-mailing these may be routine, the practice hoped to achieve another goal: that of encouraging staff to read business news and articles. In so doing, they got to develop research skills and understand economic updates and industry studies useful to business consultants.

The QUALITY Initiative

If the Audit group had its technical exams, the Consulting group also came up with its own staff assessment initiative, which was called the QUALITY! (Quality Upgrading and Learning Initiative – Test Yourself!). The initiative was intended to challenge the staff to keep themselves up-to-date in their skill sets and to encourage self-development, i.e., encourage Consulting professionals to enhance their familiarity in key competency areas as well as to ensure a minimum standard for the group.

The tests were administered to assess the general knowledge and over-all familiarity of the staff in areas identified as key competencies. These were: (a) knowledge about Deloitte, CLMC and the Consulting group, their initiatives and knowledge sharing websites, (b) basic business awareness, (c) English language, and (d) an elective which is the staff's area of specialization (ERS-Controls Assurance, ERS-Internal Audit, BPO, or FAS).

The initiative was initially launched in 2004 and was well-received by the staff. Thereafter, it was conducted at least once every year and became part of the life of the Consulting group at CLMC. As the group expanded its client base, its manpower, and service capabilities, the group also had set guidelines in client servicing, from accepting clients and client engagements to setting quality standards for deliverables and service delivery.

As the service line evolved and standardized its practices, more opportunities came along towards further improvement. The consultants were sent to various training programs, both here and abroad, to learn new skills and the use of DTT tools, and to absorb best practices in other Deloitte offices.

Evolution of Tax Group

The Tax group encountered a very early challenge with the exit of the Leynes group in 2000. The group found itself with only five people: a Partner, Ophelia Jimenez; a Senior Assistant, Ana Liza Tan; and three junior staff members. The group immediately had to re-build itself. It was during this time that Manuel urged his friend, Luis Manabat, a tax practitioner to join the practice as a Manager to support Ophelia in managing the tax group. The early years were tough as the group struggled to build capability and to establish standard procedures. Initially a predominant support group to the Audit practice, the Tax group had to respond to the standards and requirements of its internal clients: Audit group and its audit clients. To boost the practice at the start, CLMC signed a Memorandum of Understanding in March 2000 with a mid-sized law firm for alliance in rendering professional legal services. Other alliances were eventually formed with other law firms to support the group. The alliance with the law firm lasted for about two years, after which a less formal, more project-based arrangement followed. This was to fill the void and to give some breathing space for internal capacity to be stimulated and rebuilt. Conchita, who was then Managing Partner, spent considerable amount of time supporting the Tax group, oftentimes doubling as a tax adviser particularly for the most important and most difficult engagements.

The group, in no time, was able to regain its bearing and to replenish the needed resources. The biggest challenge was to re-build the practice as a stand-alone revenue generating unit rendering tax advisory services. It was in the second half of 2000, that Manuel hired Luis Manabat, a CPA-lawyer. Conchita was at first reluctant in allowing this move, Luis being the son of her second cousin. But she was prevailed upon by the other partners in the decision, considering the needs of the practice and Luis' potential contribution to the group.

The next challenge was reinforcing the manpower which meant hiring, training and developing more tax practitioners. One of the more favorable opportunities that arose out of the merger attempts in 2002 was that, in the confusion that ensued, the firm was able to attract two migrating tax managers from the former EY firm that nearly merged with the former AA firm. These were Fredieric Landicho and Richard Lapres, who both later on became tax partners in the firm (Fredieric in 2005 and Richard in 2007). Originally, Fredieric and Richard were part of a group of about fifteen migrating audit and tax managers who approached CLMC to negotiate to be hired en masse when the "threat" of a merger between the former EY firm and the former AA firm was becoming imminent. After a few months and failed merger talks, Fredieric and Richard applied in CLMC, on their own, and were successfully hired, further strengthening the tax practice.

Deloitte Asia Pacific Country Leaders Meeting with Deloitte Global CEO Bill Parrett (fourth from left)

As the Tax group expanded and gained critical mass, it developed a formal planning and strategizing process giving ideas to possible new product lines and creating new areas of specialization, such as the International Assignment Services (assistance services to multinational expatriates), corporate services, tax due diligence, and tax compliance audit. The Tax group, in due time, was able to move away from its early role as a mere "support group" to the Audit group, and developed into a stand-alone, self-supporting practice focusing on higher-margin and more specialized engagements. These included tax consultancy, mergers and acquisitions, tax planning and similar engagements. The group also explored other niche services in the local market, such as conducting tax seminars and forums for audit and non-audit clients.

As the practice grew and honed its processes, the group developed further guidelines in interfacing with the Audit group such as protocols for answering inquiries from auditors and audit clients, standard procedures for processing reviews, and fee sharing in servicing audit clients. In addition, the Tax group initiated and developed its own formal training programs for its staff.

Like the Consulting group, the Tax group had a monthly publication, the *"Tax Bits,"* which was circulated not only within the firm but was also distributed electronically to clients and friends of CLMC.

To ensure that the group was always updated on the new issuances of different government agencies, it conducted regular monthly training programs for its staff to discuss the issuances of the Bureau of Internal Revenue, Securities and Exchange Commission and the local government. This activity was normally led by a manager and assisted by a senior and junior staff. The presentation rotated within the whole group to give everybody a chance to enhance and improve one's research and presentation skills. To provide international exposure, the staff, more particularly the managers, were sent overseas to attend Deloitte seminars and programs.

The Quality Policy that Matters

The affiliation of CLMC with DTT in June 1999 brought into the organization a high standard of quality policy. While "BEING BEST/DOING BEST" was already in the mindset of the staff, the DTT quality policy became paramount as it was not only at the level of personal performance, but was also now institutionalized. As a leading global partner, DTT infused in the normative life of CLMC the standards of excellence, as well as its processes and approaches that enabled them and their clients to excel in business and service.

In October 2005, Bill Parrett, CEO of DTT, provided two answers[4] to the question of: "What

[4] Bill Parrett, DTT CEO, "The World of Deloitte" Message from Office of the CEO, 14 October 2005

is the value that the people of DTT member firms deliver?"

> *"1)...the ability of member firm partners and colleagues to look beyond their own markets and forge extraordinary connections among different talents, cultures and people. When this happens, service excellence is delivered and sustainability becomes possible for DTT member firms, their clients and the markets and communities in which all of us live and work; and 2)…it makes me proud that you continue to perform with integrity and quality. When someone attempts to infer otherwise, you can count on Deloitte firm leaders to speak out as I did in a recent letter to the editor of the Financial Times. Yours is a terrific story, and one that I am always proud to tell as often as I can wherever I go. New or experienced, partner or colleague, you are the key to Deloitte firms delivering excellence and being recognized as truly the best – an admired business."*

This being the thrust of DTT at the international level, it was imperative for CLMC to be aligned with the global partners. It was essential too for CLMC, to fulfill its life purpose and to realize its vision and mission. Thus, CLMC had established the following strategy as part of the requirements to fulfill quality service.

Our Corporate Principles

Once the organization had found its workable patterns of quality and quality performance, the process of maintaining and sustaining standards of excellence required a set of corporate principles as templates for organizational function. During a management planning meeting in mid-2000, the partners formulated the CLMC[5] Corporate Principles as functional guidelines to corporate "norming." In this session, the facilitator challenged CLMC to focus on things that "ought to be" as the firm moved towards fulfilling its life purpose, and its vision-mission.

As a result, the following were agreed statements that would encapsulate the CLMC Corporate Principles:

On Opportunities:

- We complement and influence one another to excel.
- We must develop our own abilities to recognize opportunities to our firm's advantages.
- We take every opportunity as a learning experience.
- We see a positive outcome from every difficult situation.
- We do the best we can in everything we do and have the grace to accept whatever the outcome.

On People:

- We treat people with fairness and due respect.
- As professionals, we take responsibility for our thoughts, words, and deeds.
- While we act as one in the organization, we recognize that individuals make choices in their lives.
- Knowing our client's business, we provide value-added services that aim to better and even exceed their expectations.
- We challenge people to excel beyond expectations.
- We value relationships and care for the advancement of our clients and staff.

[5] Staff Bits, Vol. 1 No. 3, September 2000 p. 2.

On Processes:

- Policies, standards, rules, and regulations are there to make us move towards one direction.
- Processes are best kept simple and understandable.
- Proper planning facilitates desired results.
- Things can always be done better and/or differently, and at the same time get the desired results.

On the Practice:

- We are committed to excellence.
- We have as our guideposts: excellence, efficiency, effectiveness, and innovation.
- We learn and function as a team in order to succeed.
- We are committed to be an "Employer of Choice."
- We hold integrity as our middle name.

At the norming stage, these principles were needed to serve as guidelines for individual and corporate functioning.

Reflections and Insights

The advocacy for "seamless" delivery of and adherence to "quality standards" of services was a priority in the minds of CLMC leadership. This was in conformity to the requirements of the norming stage. But as new hires came in big numbers between 2001 and 2002, flexibility in doing business and revisiting policies and procedures were a constant challenge. Growing and norming processes are never static as CLMC's experience showed, as both processes required of leadership the challenge of keeping the balance of consistency and creativity, efficiency and effectiveness, predictability and innovation. And these kept the dynamic and dialectic forces of CLMC "alive and kicking."

Perhaps due to CLMC's youth, there had always been an openness to change across CLMC. The firm had always been willing to embrace new ways of doing things. Even if changing was painful, CLMC adapted to the demands of the times and the requirements of its strategic partner, DTT, its clients, and its people. While everyone did not always agree at every turn and a number of initiatives had been challenged, questioned, and resisted, the overriding principle subscribed to what was good for the majority and for the firm. Each new initiative was an attempt at improvement. If changing will make the firm better, then it was favorably accepted.

The success of any change initiative at CLMC was influenced by several factors. Buy-in from the top provided the political will and political support for those championing the initiatives to make it happen. Buy-in from the champions rested in the belief of implementers in the success and rationale of an initiative overcoming the challenges. It had always been CLMC's experience that after the initial hurdle, people were still enthusiastic to take on the initiative further, to undertake improvements and to nurture what has been started.

Sometimes the needs of clients, the needs of the people and the needs of the practice would converge at the same time, providing the impetus for change as was the case of the Consulting group. As the needs of clients were getting more complex, the practice needed to develop expertise and to respond to more high value engagements while the staff also felt the need for a more focused development. In such circumstances, buy-in and cooperation from people have not been difficult to achieve. The only challenge was perhaps having the vision to perceive such a convergence and of seizing the opportunities when they happen.

Chapter 5

THE LINKING AND LEVERAGING PROCESS

"Doing More with Less"

"Growth, change, and ultimately evolution occur as individuals,
Organizations, and society increase the depth of their
Relationships by continually broadening and strengthening
Their interdependent connections."

- Beth Jarman & George Land

The image used to describe CLMC in Chapter 3 was that of an organism in the "ecosystems of organizations." And like the way Lewin and Regine[6] viewed the organizations they studied, CLMC could also be seen as one among "companies enmeshed in business ecosystems." What did the CLMC leadership have in their advocacy for business leaders and managers to be more equipped in shaping the future of their company? How were they to learn to understand, appreciate, and internalize ecosystems and their dynamic evolutions in order to lead and manage change effectively? What were the underlying themes in the thinking processes of the CLMC leadership and management in steering the firm to such a phenomenal growth?

Connectivity

Right at the beginning, CLMC emerged out of the core belief that relationships matter and building on those relationships would be a strategic leverage to the future. This same value system was demonstrated and affirmed by companies that Lewin and Regine[7] studied such as Muhlenberg Medical Center in Plainfield, New Jersey; St. Luke's Industry in London, UK; Dupont of Charleston, West Va.; and Veriform in Greenwich Village, NY. Valuing and building on strong relationships that CLMC demonstrated were in consonance with the research conducted by Lewin and Regine as reported in *"The Soul at Work"* in 1999. Their findings showed that "relationships are the new bottom line in business." How did CLMC adhere to these principles and how was it guided by this belief system on relationships?

Since its inception, CLMC was keen on "daring to care" for relationships. Conchita, as a matter of policy or lifestyle, would always come up with this statement, "We are in a relationship business more than just an auditing/consulting business." Such perspective defined the way CLMC dealt with the staff, clients, regulators, and other colleagues in the profession.

When partners and staff were asked what is distinctive about being and working in CLMC,

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[6] Roger Lewin and Birute Regine, *Weaving Complexity & Business: Engaging the Soul at Work* (New York: Texere LLC.Business, 2001).

[7] Roger Lewin and Birute Regine, *The Soul at Work: Unleashing the Power of Complexity, Science for Business Success* (London; Orion Business Books, 1999).

Partners with Birthday Celebrants

invariably the response was "we feel we are valued here and we appreciate the personal and professional relationship." Such sentiments by the staff were mirrored in the feedback on regularly held team-building, annual planning and leadership sessions, and similar activities.

Relationships at CLMC had been nurtured through activities such as quarterly general assemblies, breakfasts with partners to welcome newly hired staff, and celebrations of birthdays, anniversaries, Christmas and even sports events, meetings, or regular sessions with managers and staff. All these were aimed at facilitating open dialogue and feedback as well as promoting camaraderie and bonding among partners and staff.

One basic principle adhered to by the partners was "commitment to our people." In most company decisions, the staff's welfare always came first. A guiding principle that the partners applied when making decisions was "what's good for our people." Conchita and her partners had always been conscious of their "moral responsibility" to the staff. In some cases, particularly in major events affecting the firm, the employees were made part of the decision-making process, and had been privy to sensitive matters and developments. One such example was when the firm was separately approached by two large accounting firms in 2002 for a possible merger. As talks and negotiations were ongoing, CLMC's partners were meeting with managers and staff to inform them of developments and the likely impact of certain courses of action. Managers were asked, individually, about their thoughts on CLMC's merging with another firm. Likewise, they were asked, that if CLMC were to proceed with the merger, what were their concerns and their suggestions on important matters the partners should consider in the negotiations. The partners were in some ways guided by the responses and inputs gathered from these discussions and consultations. Even though the mergers did not take place, the managers and staff were assured that their views would be considered by the partners in matters that would affect them.

Perhaps another good example of the strength and bonding developed in CLMC throughout the years was that the partners, managers, and staff prayed collectively at the beginning of staff gatherings and important events.

Other initiatives that encouraged bonding and culture building among the people of CLMC included the following events/programs:

Star of the Season

The need for affirmation and acknowledgement is basic to the life and growth of persons and of organizations. When this need is recognized and rewarded, it is like "doing more with less." A small token of appreciation and recognition can animate and inspire people to excel.

During the early years as a DTT member firm, CLMC was faced with the enormous challenges of transition as a major international service firm. The pressures of serving global clients and adopting new systems and practices placed evident strain on the people in the organization. To take their minds away from these challenges and promote harmonious relationships, management decided to launch a program that would boost the morale of the staff, promote camaraderie, a positive attitude, and outlook despite the pressures that the busy audit and tax season brings. The guidelines at the start were very simple. Its aim was to take away the staff's mind from the little irritants that accompany the pressures at work and see the bigger picture. Although it seemed at first to be a popularity contest, the objective was more serious and the results were successful in giving the staff something to look forward to and be happy about. This activity was the "Star of the Season" program, launched in 2001.

Breakfast with Partners / Cocktails with Partners

The importance of connectivity to the human spirit of every staff with partners

CLMC also held special sessions and special treats for birthday celebrants where they were given special tokens of appreciation. The monthly breakfast to honor the celebrants for the month was held in different venues at first, but to simplify the arrangement, it eventually became in-house where there would be more freedom and space to include interesting activities to the occasion. With the increasing number of staff complement, the activity had been re-conceptualized and called "Cocktails with Partners." The quarterly program, organized by departments, was a social function to encourage informal interaction with partners in a cocktail setting.

Merienda with the Chairperson

For the Cebu office, Conchita had made a desire to visit and chat with the Cebu staff on a regular basis, at least once every quarter. Such meetings were held in special coffee breaks where matters from client issues to salaries and administrative requests were discussed.

General Assembly

A General Assembly was held quarterly on corporate matters that require communication for information as well as for exchange and dialogue. This was the occasion when announcements were made for the "good news" and the "bad news," the "opportunities" and the "challenges", new wins, new assets, promotions, special events, arrivals and departures, presentations and sharing, inspirational messages from management, featured staff, and many other points of interest for everyone and the company. This was followed by updates on "*Staff Bits*," the monthly newsletter of the firm done on print until Year 2004, and thereafter via email.

Enrichment Programs

In July 2001, the firm launched a three-component staff enrichment program, facilitated by professors and instructors from the University of the Philippines. Its purpose was "to enrich the corporate person's knowledge with languages to broaden communicative abilities, with art appreciation to enhance creative nature, and on Filipino culture to increase awareness of social responsibilities and pride in origin." Classes on three languages, Japanese, Mandarin, and English, were conducted for several weeks aimed at enhancing the professionals' communications skills. The Japanese and Mandarin languages were popular choices due to the emerging growth in Japanese and Chinese clients. The program included sessions on art appreciation, Filipino culture and values, music, ethno linguistic groups, and urban culture. These activities promoted social awareness and appreciation of the "finer things in life." The staff enjoyed and recognized the value of the program in adding to their personal knowledge and in improving their interaction with clients.

Such enrichment program was followed by several others through the years such as in-house English language programs facilitated by professors from top universities. Firm scholarships and sponsorships were awarded to deserving employees who were sent for training to English schools such as the Berlitz School for Languages. This greatly enhanced the skills of the professionals in business and report writing and increased their confidence in public speaking. The firm also undertook image enhancement programs for its partners and staff. Managers and seniors were sent to the Dale Carnegie School and Partners to the John Robert Powers program for executives.

While relationship was being built and nurtured within the organization, the CLMC partners and professional staff made conscious effort to become members of various professional organizations and associations that would cultivate networking and social marketing. Partners strived to be part of professional and socio-civic organizations and professional standards-setting bodies. To the leadership, a firm's credibility can be seen when its leaders and professionals are involved and engaged in various aspects of professional, community and/or public life.

Visibility

One concomitant impact of such connectivity was the firm's presence in the community and in the industry. To pursue the vision of "to be recognized as the Employer of Choice", CLMC made itself present or "visible" in various sectors. A conscious and purposive effort to have its presence felt in the academe and in the business circles was pursued.

- CLMC regularly sponsored tax seminars for clients and friends. This was usually done once every quarter and was aimed at updating and familiarizing clients on new developments in the tax and revenue reporting front. Expert speakers were invited to support in-house expertise.

- CLMC sponsored and conducted seminars at the Securities and Exchange Commission. One such seminar was the Sarbanes-Oxley Act Seminar on July 2, 2003, attended by the SEC Commissioner, directors and officials. Loretta J. Ayers, the DTT Regional Partner for Asia Pacific on the audit of a leading multinational consumer products company, very competently shared her expertise on the topic with focus on some key provisions of the Act. This was repeated at Dusit Hotel with CLMC clients on July 22, 2003, and again, in Cebu, for the Cebu clients on September 19, 2003.

- CLMC sponsored a seminar on International Accounting Standards on May 8, 2002, a public seminar where Dr. Paul Pacter, the Director of Technical Department in DTT-Hong Kong, was the resource person. This was one of a series of seminars conducted and sponsored by the firm to inform the public on new developments in accounting standards, particularly during the period when everyone was transitioning to International Accounting Standards (IAS) and when so many changes were taking place in the accounting landscape.[8]

- CLMC often held career talks in major schools and universities, and one such event, for example, was when Manuel Faustino gave a

[8] Staff Bits, June 2002, Vol. 3, No. 3

career talk at the Industry Orientation Seminar at the College of Business Administration and School of Economics of UP on August 16, 2000.[9]

- CLMC presented, as part of a continuing program, Gold Medal Awards for Accounting Excellence to top graduates of universities like De La Salle University and St. Scholastica's College. One occasion was when CLMC was chosen by De La Salle University to present the CLMC Gold Medal Award for Accounting Excellence to Jonathan D. Quiamzon, a graduating student (A.B. Philosophy and B.S.C. Accounting, cum laude). The award was handed by Manuel during the College of Business Administration's Meeting with the Dean on January 31, 2001.[10]

- CLMC participated in University Job Fairs in different colleges and universities usually during the months of February to March each year. Such efforts peaked in 2001 when the firm started to be sought as a major participant in career promotion activities. The firm, since then, had regularly participated in such activities held by major colleges and universities including De La Salle University, St. Paul College, University of the Philippines, University of Santo Tomas, St. Scholastica's College, and San Beda College.[11] In one unique event, St. Scholastica's College staged a "Mock Interview" event on January 29, 2001 where CLMC HR Assistant Mary Lao interviewed graduating accounting students to prepare them for their future job interviews. CLMC was the only accounting firm present in the event.[12]

- CLMC participated in surveys of best employers in Asia, and one such survey was conducted by Hewitt Associates in partnership with The Asian Wall Street Journal and the Far Eastern Economic Review where 355 companies participated across 10 locations in Asia – China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand. CLMC was one of 42 companies in the country that participated in this survey.[13]

CEO Forum

In early 2003, CLMC sponsored an Economics Forum for Chief Executive Officers. This was a venue for an intimate discussion on the state of the Philippine economy. CEOs from CLMC's major clients were invited and actively participated in the forum which was moderated by TV news anchor, Yvette Novenario. Former Finance Undersecretary, Romeo Bernardo, was the resource speaker and his presentation generated a lively reaction and discussion from among the CEOs on the current state of the Philippine economy, the challenges they face in doing business, and their take on how the economy could be further improved.

CEO/CFO Survey

From a News Release of November, 2003 was the following report:

> *"KEY business leaders of the country are optimistic about the economic prospects for the next three years, and expect their companies will earn more next year than this year.*
>
> *These were among the results of a business perception survey performed by professional services firm C.L. Manabat & Co. (CLMC), the Philippine member firm of DTT, a statement said.*

9 Staff Bits, September 2000, Vol 1. No. 3
10 Ibid
11 Staff Bits, April 2001, Vol. 2., No. 2
12 Staff Bits, February 2001, Vol. 1 No. 5
13 Staff Bits, December 2001, Vol. 2, No. 6

In an economic outlook breakfast forum held last Nov. 19 in Makati City, CLMC said most of the 70 business leader respondents of the survey conducted last September said they were "cautiously and decidedly optimistic" that Philippine economic performance will be much better over the next three years. "

In September of 2003, CLMC undertook a study on how business executives, particularly the Chief Executive Officers and Chief Finance Officers of large companies, viewed the Philippine economy. A team of professionals from the Consulting and Audit groups of the firm, with the assistance of a University of the Philippines economics professor, Dr. Carlos Bautista, worked on the study. The group's thesis was that the Philippines was not in as bad a situation as some naysayers and doomsayers of the time would have people believe. This was proven by the respondents' affirmation of a very positive outlook on the Philippine economy at the time.

The initiative culminated with the presentation of the results by Luz Bernardo and Shefali Raina in a firm-sponsored public event on November 19, 2003, attended by business executives and the who's who in government, trade and business. In the discussion that followed, Conchita, the chairperson at the time of the International Association of Financial Executives (its first woman chairperson in 35 years), led the exchange and interaction. There was no better venue or forum where one could best be visible and respected among peers than at this occasion.[14] This visibility gained for CLMC the credibility and stature among its colleagues in the profession and business.

The project garnered significant media coverage for CLMC with a television interview for Conchita, a video coverage in several TV networks, and a print coverage in major business dailies.

Besides organizing and sponsoring public sessions on critical issues for client and public interest, CLMC's Chair and partners had done speaking engagements in various gatherings and conventions on topics related to the profession and on topics of interest to business. Conchita, in particular, had written regularly in business columns of major dailies where insights and reflections were articulated and shared on issues, challenges, and directions of the finance and accountancy profession. Manuel, on the other hand, gave talks or participated in discussions on current business issues and concerns in various conventions such as on topics of corporate governance and on issues facing the accounting industry.

Institutionality

The concept of being an "institution" implies that the product or the service or even an organization itself has a name that has become a byword or byline in every household or community. This means it has surpassed the product or generation lifecycle and has survived the test of time. The work of Jim Collins and Jerry Porras[15] on *"Built*

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[14] Philippine Star, January 19, 2005.
[15] Jim Collins and Jerry Porras *Built to Last* (London: Random House, 1994).

to Last," has distinguished organizations that have survived the test of time which he called "visionary companies" or "premier institutions." Organizations that exhibit qualities or attributes in "being and doing" that stand the test of time are "institutions." When an organization becomes more than just an instrumentality to achieve goals and objectives, but more importantly, has evolved and developed around core values to which people in the organization are committed, it can be inferred that the process of institutionalization has begun. Has CLMC become an institution? W. Richard Scott in his work on *"Institutions and Organizations"* (1995:18-19)[16] described this process succinctly:

> *"As organizations become infused with value, they are no longer regarded as expendable tools; they develop a concern for self-maintenance. By making a distinctive set of values, the organization acquires a character structure, an identity. Maintaining the organization is no longer simply an instrumental matter of survival but becomes a struggle to preserve a set of unique values. A vital role of leadership is to define and defend these values."*

However, young at 10 years in 2007, did CLMC have the leveraging feature of "institutionality"? While the test of time has become the critical measure for a company to become an institution, had this already been palpable or at least, unfolding, in the early dynamics of growth of CLMC, as it moved consciously or unconsciously towards becoming an "institution"?

One of the key factors that make an organization an institution is leadership. Organizations that endure through the threats and tests of time, trials and triumphs, have always had strong leaders. Stories of visionary companies studied by Collins and Porras[17] such as 3M, American Express, Boeing, Citicorp, Ford, General Electric, Hewlett-Packard, IBM, Johnson & Johnson, Marriott, Merck, Motorola, Nordstrom, Philip Morris, Procter & Gamble, Sony, Wal-Mart, and Walt Disney, all have strong, visionary, and unwavering leaders at the helm to take the lead and make these companies "institutions."

What was evident in CLMC at the beginning and persistently felt throughout the stages of growth that made it a phenomenon? Was being a "phenomenon" in its growth an indicator that CLMC had indeed become the emerging and one of the leading firms in the country? One thing very evident in studying the unfolding processes of CLMC was the strong leadership of the visionary/strategist founder/lady partner of CLMC. The professional staff and those who worked with her recognized with no unwavering certainty that her professional leadership, competence, fortitude, and character had been the key features of her success in leading CLMC to this level of recognition and position. Her connectivity with people and institutions, her effort to make visible the work of CLMC as well as on the advocacy of professionalism, accountability, and social responsibility in and outside the organization and even in the international circles of influence, were indicators of such leveraging factors towards institutionality.

A most important question to ask is: Was the leadership capability shared and disseminated at all levels of the firm? For a young and promising firm, this continues to be a work in progress. The time it takes to develop strong, dynamic professionals equipped with leadership capabilities and capacities goes beyond a ten-year cycle. Certainly, this

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[16] W. Richard Scott, *Institutions and Organizations* (London: Sage Publications, 1995).

[17] Collins and Porras, *Built to Last* (London: Random House, 1994).

thought was in the mind of the founding partners/ leaders and the newly-promoted partners. In an interview, one newly promoted partner expressed that leadership is the main factor that would tip the balance to whether or not the future is bright and great. This was the underlying theme of an Executive Session held in June 2, 2005 on the theme "PASSAGE and TRANSITION – Thinking through CLMC's Journey in Transformation." Among the critical issues and concerns that surfaced were: 1) Readiness for Change, 2) People Retention, 3) Capability Building for Sustainability, 4) Commitment to Purpose and Change, and 5) Transition Leadership and Succession Planning. These concerns were discussed and deliberated upon as basis for determining strategies to plan for change and transitions. It can be said that the founding partners/leaders and the new generation of partners/leaders were painfully aware of the cost of change and transition. They further believed that thinking through these issues can at least ease the trauma of transition.

Reflections and Insights

The concept of "leveraging" is one drawn from the *"Strategy of the Dolphin"* by Dudley Lynch and Paul Kordis. The authors argued that one of the skills dolphins demonstrate when they think/ perform breakthroughs is that of "leveraging." This means identifying those small steps. For "dolphin thinkers" that make a difference, this means inexpensive and time-saving small steps, but with foreseeable wide and great impact in the short and long term.

The CLMC leadership of the firm did well to identify these leveraging opportunities. Priorities identified, either through surveys or group discussions, as major and medium concerns, as well as strengths, would be good indicators of such opportunities. Decoding this feedback would be the cues and advice that would need immediate attention to propel the growth, change, and transformation of the firm into the future.

Chapter 6

THE CONVERGING PROCESS

Focus to Grow and Expand

"If we believe in the rebirth of our civilization…
Then clearly this renaissance must begin in the
Chambers of our own hearts…. We cannot wait
For society to change, or for our institutions and
Organizations to be renewed. We, as individuals,
Must assume responsibility for our own personal
Transformation.

\- *Georg Feuerstein, 1990*

The following message came from then Managing Partner, Conchita, in the June 2000 issue of *"Staff Bits."*

> *"Greetings to all! Never have I seen such accomplishments from a young accounting firm such as ours. Expecting to only get clients that are crossovers from the old Deloitte firm, we also had unexpected but very significant wins this year. We achieved this because we stayed together and supported each other, creating a cohesive and formidable team. All this was accomplished through everyone's help – the partners and staff, our administrative people, and support from our partners in DTT.*
>
> *As our audit group stabilizes and as we continue to provide excellent service to our clients and prove ourselves to be the best audit service provider in the country, we can look forward to expand our services and enhancing our other service lines in Tax and Management Solutions which promises higher growth and returns for the Firm."*

In June 1, 2000, C.L. Manabat & Co. celebrated its first anniversary as the Philippine member firm of DTT. It was a moment to celebrate, a year to mark a significant milestone at the start of the millennium. A thanksgiving Mass was celebrated and a "report card" was presented by Dr. Conchita L. Manabat, the Founder of the firm, enumerating the firm's major accomplishments:

- The winning of several multinational accounts.
- Introduction of the newest assets: Melanie Navarro, new HR Manager; Mary Lao, HR Assistant; Luis Gerardo Manabat, Tax Manager; Bernadett Sanchez and Chona Aguilar, the GDP "graduates"; and the next batch of GDP participants to leave for abroad, Joven Abrillo and Bonifacio Lumacang.
- Announcement of salary increases, to the jubilation of the staff.
- Projected transfer to the new expanded offices and acquisition of new computers to ensure a 1:1 ratio of computer to staff.

The year that passed was tumultuous and the year ahead was laden with greater challenges of more complex work. The Managing Partner therefore enjoined everyone to rally to the call for excellence. The past year was only the first step in a long journey. And so it was that every anniversary from 2000 and onwards, it was considered a milestone of every victory celebrated, of every loss a lesson learned, and of every growth an occasion for thanksgiving. There was a constant sense of gratitude that permeated and prevailed in the life of CLMC for every accomplishment and achievement. It was like the founder/partners would draw everyone around to converge at a focal point of thought and attitude of thanksgiving "for all that has been and all that would be." It was a belief system that invoked the deepest sense of gratitude even amidst impending threats by such crises as the Enron Case and the Arthur Andersen fallout. In the light of these challenges, what conditions and circumstances both in the internal and external environment predisposed the firm to make major changes? What strategies and targets were pursued? How did leadership/management handle these challenges so that directions of strengths/potentials were tapped and challenges/limitations addressed?

Winning New Clients

Fortunately for CLMC, having the franchise holder of the leading international fast food chain as an early client for outsourcing as well as anchor audit and consulting accounts provided the "bread and butter" that would sustain the firm in its early years. It also provided the take-off point to acquire several other accounts and expand the client base at a manageable pace. However, when CLMC became a DTT firm and the staff complement doubled overnight in June 1, 1999, the drive to gain "new wins" became urgent. It was imperative that there would be no let-up regarding this pursuit. By 2002, the third year of CLMC as a DTT Firm, the roster of clients more than tripled.

Manuel recalls the experience in getting new accounts:

> *"Deloitte-referred clients were easy to acquire as usually the Philippine subsidiary already has a mandate from its parent company to take us in and we would immediately receive instructions from our counterpart (the Deloitte Global Lead Client Service Partner in charge of the parent company audit) to visit the subsidiary.*
>
> *We would then introduce ourselves in full force: the force usually composed of Conchita, myself, a Tax partner, the Partner to be assigned, the Deloitte Advisory Consultant expat on the ground, and at certain times, together with the Global Lead Client Service Partner as well, who would come to Manila for the opportunity to meet the subsidiary's top officials. We would make a PowerPoint presentation of who we are, what we can do for them and why they should hire Deloitte/CLMC. It was a big challenge at first as we did not have so much qualification as a firm to speak of in the early years. But with the show of full force, we were a formidable team. At the start, we capitalized on all our prior experiences in our previous connections as senior partners of other major accounting firms. But once we won the first round of major clients including the leading multinational consumer products company (a top Fortune 500 corporation), followed by other huge multinational accounts whose names are topnotch trademarks, it somehow became easier to convince new clients that we had the credentials. The roster of clients quickly grew and we thus needed the support and the resources of DTT.*

Since our major client acquisitions included the world's most impressive and recognizable corporate names, confidence grew not only in ourselves but also in how prospective clients would see us. Of course, the DTT support had always been there. For example, when they referred to us one of the big three life insurance companies in the US, the client was first skeptical as we did not have prior life insurance experience; and since accounting for life insurance is specialized and requires additional training, we then sought assistance from DTT. We called its New York office and they arranged that an insurance expert from Australia would come to provide the needed training to the local team. It happened and so we got the first US based insurance company. From there, it became easier to take on another top life insurance company in the US, and still another one from Canada.

We also got support from the Deloitte French practice, when they sent two senior managers serving as consultants, Frederick Mortamais and Patrice Brusciano. This was in connection with our audit of the Philippine subsidiaries of a listed cement-producing conglomerate in France, three of which are listed in the Philippine Stock Exchange. Then there was Lucia Pham (from Canada) and Loretta Ayers (from the US) for the leading consumer products multinational company and the resources from South Africa, Karin Zharnack and Gina Faure, to help us with a copper smelting company acquired by a major Swiss conglomerate ."

Initial efforts at establishing a foothold in the market started to pay off. On the fourth anniversary celebration as a DTT member firm, CLMC had almost 300 people servicing a large section of its clients, the multinational corporations.

Luz recalls her group's experience:

"There were similarities as well as dissimilarities in the Consulting (formerly Management Solutions) group's pursuit of growth. We didn't have any so-called global consulting clients. The very few that could be classified similarly are multi-country engagements that cover a few countries. It would be "manna from heaven" if the Philippines is included in such engagements. Many times, the global company's Philippine operation would be so small that no consulting work would be in need in the country. Thus getting new accounts was significantly more difficult. In addition, by its nature, most consulting clients are one-time engagements and very few, if any, are recurring. The group has to struggle above water every year "literally", especially so during the initial years as it strived to build credentials. As with the Audit group's experience, potential clients initially looked at us with much skepticism, especially when they consider how young we were as a firm and as professionals. At certain times, we were able to convince Ms. Manabat or Mr. Faustino to accompany us in proposal presentations to prospective clients so the client would see some "grey hair", a great help in contributing to the perception, from a paying client's perspective, of wisdom, depth and experience.

Imagine someone diving into a lake and learning to swim right there and then, that's how I would visualize the consulting group's experience. A constant challenge was not having enough resources and talent. This was ironic because our people will not have the experience if they are not able to obtain it from a client engagement. Likewise, we could not afford to get "expert" resources full-time at the time. But we needed to start somewhere. We had to forge certain arrangements with "expert" consultants and more importantly, we have to believe in our *abilities and develop the talent internally. We would sometimes approach new engagements with much trepidation and a sick feeling in the pit of our stomach. However, the few clients that had initially tried us were not disappointed. Some even granted us additional work to do. Thus we saw the start of building the client base, our credentials, the confidence in ourselves, and the continued enhancement and addition to our resources.*

In the group's annual planning sessions, and in regular meetings which were held at least once a month, we would usually end our presentations with this question: "What would you do if you were not afraid?" It was a phrase that was adopted by one of the senior managers (Shefali Raina) in one of our planning meetings. I liked using it to rally the staff, boost their confidence in their abilities and make them believe that nothing is impossible if they are not afraid. I do not know whether it achieved what it was supposed to achieve but I started to see something evolving after the constant meetings with the staff and as they see the efforts that we were doing to grow the practice. The staff started to get involved, suggesting and starting improvements themselves, leading initiatives whether it was to pursue new accounts or develop learning programs or organize events, etc. The struggle to keep afloat and add and keep the talent is still there and will always be there. But the load that was becoming too heavy became lighter, shared not just by the partners and managers but by the rest of the staff as well."

The concerted efforts paid off for eventually the group had been able to acquire large and prestigious clients, among which were a major regional development bank in Asia, a subsidiary of the largest food, beverage, and packaging company in the Philippines and Southeast Asia, a Japanese information technology company, a leading Japanese international food company, and a local universal bank, to cite a few.

And from the Tax group, Ophelia remembers the following experience:

"Initially, with the firm of Atty. Jose C. Leynes joining us, there was not much problem on experience, expertise and resources. The initial challenge was how to blend their practice with the new Deloitte firm. Our first major account was an oil company, it was so big an account that required almost all of our staff, juniors and seniors and a partner to work on it full time. We even had to request for additional resources from the audit group just to service the account. The biggest challenge happened before the first tax season as a DTT member firm with Atty. Leynes' withdrawal, along with his staff, from the practice. The Tax group then was left with just one partner, one senior and three juniors. The problem was how to service the accounts with very limited resources. Major concerns were the audit clients since it is the practice of the firm to have the tax returns of all audit clients be reviewed by the Tax group before finalizing the account. The group had no recourse but to work double time to be able to finish the review on time. Ms. Manabat even doubled as Tax partner, to service the accounts. It was imperative for the group to speed up its growth so it started to recruit tax professionals and it formed an alliance with a law firm. The challenge was to hire professionals with the right attitude and experience. From the start, we had to instill in the minds of our new recruits that we have to do things differently--to be a professional in all our dealings especially with clients and government agencies.

Celebrating 7th Anniversary with Service Awardees

With the addition of new resources, and an alliance with a law firm and tax experts, the group started to build its client base and service lines. To enhance its expertise, regular training programs, internal and external, were conducted. It also sought the assistance of Deloitte to provide training programs to develop the professionals' ability in handling multi-national accounts. The group also conducted regular discussions on the issues encountered by our tax professionals on engagements handled. The purpose was to give the professionals the chance to voice their opinion on the issues and for the group to come up with a uniform position on those issues. With this, the professionals were not only trained to listen, respect each other's opinion but also more importantly, to develop camaraderie within the group. As we often say in the vernacular, "ang mabigat/mahirap na problema ay gumagaan/dumadali kapag pinagtutulung-tulungan" (translated "A difficult problem becomes easier to solve if we help each other."). With the right attitude and resources, the group has developed new service lines and has expanded its client base. In no time we were servicing huge global clients that included a major oil company, a Japanese technology company, a US consumer products company and many more."

Acquiring New Assets

While the increase of clients was brought in by DTT referrals, CLMC was also working hard to win more clients on its own effort. In parallel lines, the staff also grew and expanded. Staff orientation, training, and formation activities had to be continuous because the learning process was an ongoing activity. There was always something new with the international requirements of DTT, beside the need for familiarity and facility in the use of DTT methodologies and systems. Thus, every new hire was introduced and trained to the DTT standards, and became a new asset at CLMC.

Attracting and keeping talent was a constant challenge for the firm. In the early years, attracting talent was a priority issue. As a young firm, it was a challenge to attract resources that were more drawn to the more established and older practices. Nevertheless, CLMC was able to get its own set of talents and most of them, demonstrated great concern and loyalty to the firm. As CLMC grew and established its reputation, attracting talent was no longer an issue, but rather, keeping the talent. The demand for accountants, auditors and consultants increased not only in accounting firms but more so in corporations, as they strived to conform to the new standards. Overseas, particularly in the U.S., the demand for accountants and auditors continued to rise due to the widening gap between what universities can produce and what the industries and accounting practices need. In most cases, CLMC chose to let go of its resources as the partners saw them getting into better positions and better opportunities (especially those who found opportunities overseas). CLMC's list of "alumni" has grown and is still growing and the partners can only hope that the alumni all value their experiences with the firm.

Luz, also the partner in charge of HRD, had this to say:

> *"In a professional services firm like CLMC, where people are the primary resource, it was a constant challenge to manage people. As in any other practice, we had a lot of challenges. We had an assortment of people with differing attitudes and expectations. We had leaders, we had followers and there were those who cannot decide where they would like to be and are content just watching on the sidelines. We also had those who would do anything just to catch management's attention even in unconstructive ways. We had received, even at the beginning, threats from the staff of mass resignation and the like. We'd been fed with lies, and we'd received white papers and anonymous hate mails, some even posing as celebrity reporters. We were sometimes amazed by the creativity. Some had been carefully and professionally presented, others were plain irreverent. Everything, however, was taken in context, every criticism and comment taken seriously. Nothing was taken as "trivial" and ignored readily, for every feedback from the staff was considered as coming from a certain cause, whether perceived rightly or not. Those that genuinely concerned the betterment of the firm were carefully considered and adopted while the others were merely taken in stride, considered as "noise" and part of the firm's development. The partners' consistent stand in all of these was that the bigger picture and the greater good prevailed in all decisions made."*

Meeting New Challenges

Every client win, every service engagement, every project negotiation, every year and every asset acquired, were new challenges to CLMC. When CLMC was born at the Penthouse, the space was cozy and comfortable. But it soon became limited and crowded as the number of staff increased. When DTT became a partner, the new challenge was not only in space and staff, but also in structures, systems, processes, and technologies that come from the demands of global and international services. New floors were acquired, rooms were renovated, computers were purchased, programs and systems acquired to improve the efficiency and delivery of services to client. Also, when clients increased and became diversified, the new challenges became focused on experience and expertise in the particular business of the clients. These were met through continuous training and learning opportunities and other professional development programs availed of and accessed for the staff.

However, with the increase of clients as well as staff came the concomitant increase of complexity of needs and requirements. Increasing pressure was thus felt by individuals at the level of their experience. To understand this, DTT in 2006 conducted a worldwide survey of priorities emerging in the workplace, and the result below shows the profile of priorities expressed in particular by the Philippine professional staff:

Summary of Priorities: Asia Pacific Countries	**Philippines**
Work/Life Balance	3
Compensation and Benefits	1
Recognizing Success	2
Hiring and Staffing	5
Developing our People	7
Performance Management	4
Firm Communications	8
Management of Change	6
Firm Leadership	9
Multi-Culturalism	11
Learning and Education	13
Supervisor/Manager	10
Client Relationship Management	12

Corollary to the findings of the global survey of DTT on priority issues identified by the staff in various countries, the perceptual survey on the items that relate to the concerns of the CLMC organization showed the following:

1) Majority of the respondents “strongly agreed” and “agreed” that “during the past four years CLMC experienced rapidly increasing internal and marketplace complexities creating pressures to differentiate and proliferate in products and services.

2) Majority of the respondents “strongly agreed” and “agreed” and with a number of “neutral” and “disagreed” that “In recent years internal competition for resources emerged as a critical issue.”

3) Majority of the respondents “strongly agreed” and “agreed” and with a number of “neutral” and “disagreed” that “the impact of new technologies, expanding markets/clients and increasing external pressures from regulatory/influence groups created feelings of restlessness and uncertainty in the organization.”

4) Majority of the respondents “strongly agreed” and “agreed” that “there is increased consciousness on issues such as increasing cost of operations, sales of services, diminishing productivity gains of the firm.”

5) Majority of the respondents “strongly agreed” and “agreed” that “there is a shift of environment trends/thrusts that seem to impact on the organization now with a different challenge.”

6) Majority of the respondents “strongly agreed” and “agreed” that “currently the organization seems to be simultaneously doing two types of activities, that is, trying to be creative and innovative while making renewal efforts on doing the best practice.”

All of the above items were indicative of the common issues and concerns at the stage when things were converging in the organization and challenges were brought about by both internal and external changes of the task environment. However, it is interesting to note in items 2 and 3 that a number of participants had indicated responses under “neutral” and “disagree.” These indicate that the challenges had probably not only been in terms of “competition of resources internally” nor only of the “impact of new technologies, expanding markets/clients … that create restlessness and uncertainty in the organization.” It could be inferred that the greater challenge as perceived by these respondents might have been any or a combination of those identified as priorities in the global survey done by DTT, namely: 1. compensation and benefits;

Memorandum of Agreement Signing for CLMC Cebu Office with Partner Geronimo Sta. Ana

2. recognizing success; 3. work/life balance; 4. performance management; and 5. hiring and staffing. From these indicators at a particular stage of development and change in the organization, it is reasonable to consider that CLMC was in transition at the time between norming and fulfilling stages as identified by Land and Jarman. From the other perspective of Adizes' corporate lifecycle, CLMC at the time could have been very well between "adolescent" and "prime" stages. Having been only in the industry for nine and a half years by June 2006, the accomplishments and achievements of CLMC were already phenomenal milestones to acknowledge and to celebrate.

Pursuing Achievements and Accomplishments

CLMC had great and high goals to achieve. The vision to be "the leading professional service provider" in the country and to be recognized as "the Employer of Choice" propelled the leadership/management to pursue more achievements and accomplishments in the service. In 2002[18], the breaking news was that "BSP accredits CLMC as one of six audit firms for commercial banks."

As the client base of CLMC expanded nationwide, it became clear that a branch be set up in another city outside Manila. BusinessWorld, corporate news section on September 17, 2003, reported: "Auditing Firm Expands In Cebu – Auditing Firm C.L. Manabat will open an office in Cebu, the first outside Metro Manila to respond more effectively to the requirements of its clients."[19] This branch is located at Unit 704, 7th Floor of the Ayala Life FGU Building, Ayala Business Park, Cebu City, with Partner Mr. Geronimo Sta. Ana, leading the practice.

Some excerpts from a 2003 internal memo by Conchita gives us a flavor of the circumstances around which the Cebu practice was set up:

> *"The Cebu office has been contemplated since our appointment as Deloitte member firm. The regional office prompted us to consider getting the Cebu practice of the former DTT member firm in 1999. I had a discussion with its head but I thought that the economics of his practice were not justified at that time. Prudence dictated that we forego the opportunity in 1999.*

[18] *INQ7.net*, Inquirer & GMA Network, 17 August 2002, Breaking News.

[19] *BusinessWorld,* 17 September 2003, Corporate News.

Deloitte said that it was my call and they were to support me. We were, nevertheless, cognizant of the importance of an office in Cebu, the second largest business district in the country. There have been several subsequent opportunities to establish the Cebu practice and we have carefully evaluated each opportunity.

At the height of the 2002 Andersen transaction, the former head of the Cebu practice of a major firm contacted me for possible cross-over but his expectations were too much for us. At that time, we were the only major accounting office without a branch in Cebu. He also negotiated with another Big 4 firm where he finally forged an agreement.

Earlier this year, when word was out that our firm was considering putting up an office in Cebu, a partner of the Cebu practice of another major accounting firm contacted me for possibilities. His head office had asked him to be relocated to Manila for there was a consolidation of the three offices in the Visayas to just one office in Cebu with one of the heads of the other two offices assuming the post. Again, we took our time in considering that option.

Because of the due diligence we observed in evaluating the establishment of a Cebu office, we were tagged as slow decision-makers by those professionals who approached us for the Cebu office. We believe that we took the right approach as we looked at all angles. DTT's Deputy Regional Managing Partner had been in the loop in all of these developments, and when we finally decided to put up one, he said that the move will make us a real national practice.

This year's Cebu initiative was subjected to a detailed study. While the study used conservative cost assumptions, it showed that the Cebu operation will be profitable and can stand on its own. The imperatives for the Cebu initiative are the following:

i. The growth in our clientele in southern Philippines: for Mindanao, a major multinational company engaged in fruit processing and canning, a pulp company, a group engaged in tuna canning and for the Visayas, a major Japanese steel company and a publicly listed sugar milling company. Note that the salary scale in Cebu (the center of business and finance in southern Philippines) is much lower than in Makati and culturally, the southern business community would feel more at ease dealing with co-southerners. The southern Philippines have different dialects other than Pilipino which is the national language and spoken in Manila. With the Cebu office in place, we have already started using our Cebu resources to service our clients in the Visayas and Mindanao. This will translate to savings in costs of servicing clients (as we would no longer be sending staff from Makati).

ii. A leading competitor has offices in Davao and General Santos, both cities in Mindanao, on top of the Cebu office. The major accounts from the south were all former clients of the leading competitor from incorporation until the shift to CLMC. Winning the accounts was a major victory and having a southern office was something those clients would welcome in terms of ease of dispatch of staff, coordination and the local dialect. There are areas in the south that are sometimes "hot spots" even for professionals from Manila. Having a southern office will assure continuity of service.

iii. *Our target companies in the southern Philippines always ask for the presence of the local office due to the need to liaise with local government units and other agencies of government in the south. Cebu has several special economic zones which hold a lot of potentials for us.*"

Another accomplishment that CLMC could claim as a milestone in its history was on the advocacy and promotion of accountancy standards and governance. In a series of seminars for clients held in Manila and in Cebu, in 2003,[20] CLMC sponsored the seminar on the SARBANES-OXLEY ACT (SOX), which was signed into law in the U.S. in 2002 with the goal of restoring investor confidence through corporate, accounting, and audit reforms. Many companies in the Philippines are subsidiaries of large and listed U.S. companies and are therefore subject to the SOX. And further, the Philippine SEC, in due time, adopts U.S. and international best practices, and as such, the same seminar was conducted by CLMC for the directors and staff of the Philippine SEC.

Reflections and Insights

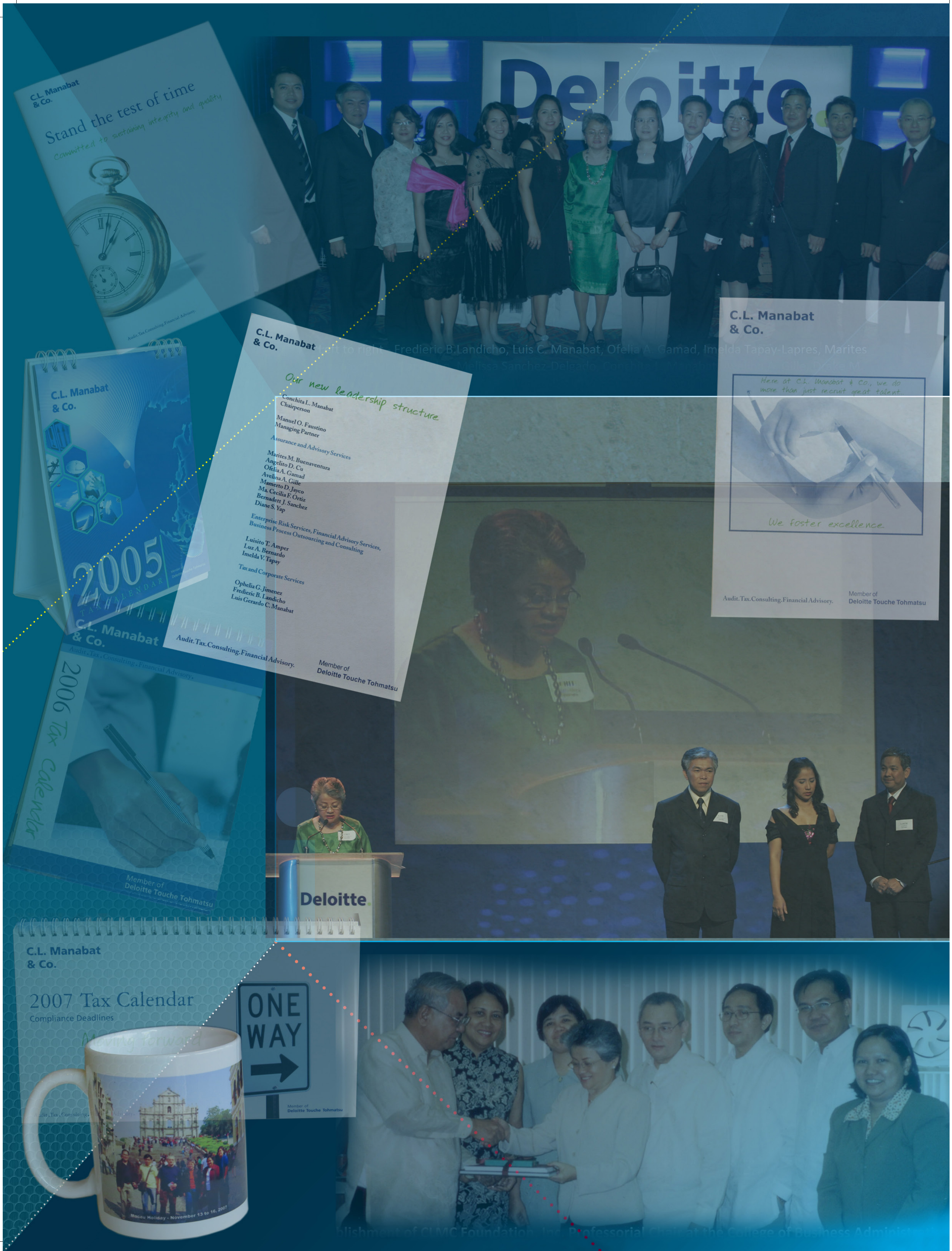
CLMC's feat in terms of growth was extraordinary in an industry where most of its successful rivals reached their status through decades of operations and evolution. Leaders in CLMC had to "be born outright" and assume lead roles immediately. The price of such an extraordinary speed in success was not unfelt, and was perhaps indicated by the

[20] Documentation Files of CLMC

issues the firm faced at the period when growth was fastest and euphoria highest. These issues, which would have been deliberately addressed in organizations with a more managed growth, had to be put aside in pursuit of so-called higher goals and more pressing matters. For the less patient and for those looking for an out-of-the-box approach to organizational issues, this scenario was a cause of frustration. But for those who remained focused on the tasks at hand and who were able to see where the partners were going in leading the firm, this was accepted as part of CLMC's unique evolution and growth.

It is also interesting to note that at first, when the firm's goal was to survive, everyone was "on deck" to tackle the tasks before them, to overcome the challenges encountered. As the dust settled and survival was no longer the primary concern, the differences started to be noticed. The irritants were surfaced and scrutinized, the purpose being not to injure or destroy, but to eliminate the rough edges and make CLMC a better place to work in. No longer was the leader the sole focus and source of direction, but independent, individual thinking was welcome and valued. The individual needed to be heard, to be seen and to be part of the building and growing process. And thus CLMC reached another stage in its evolution.

As it embarked on this new era, it was important and perhaps crucial for CLMC to have a strong grip on the solidarity of the firm. This goal is beyond the initial goal of survival. The interplays of values which the founding partners initially imbibed into the organization in the form of policies, practices, traditions and their interactions with the staff are but some of the important elements for cementing the solidarity.



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Committed to sustaining integrity and quality
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Our new leadership structure
Conchita L. Manabat
Chairperson
Manuel O. Faustino
Managing Partner
Assurance and Advisory Services
Marites M. Buenaventura
Angelito D. Cu
Ofelia A. Gamad
Avelina A. Gille
Mamerto D. Jayco
Ma. Cecilia F. Ortiz
Bernadett J. Sanchez
Diane S. Yap
Enterprise Risk Services, Financial Advisory Services, Business Process Outsourcing and Consulting
Luisito T. Amper
Luz A. Bernardo
Imelda V. Tapay
Tax and Corporate Services
Ophelia G. Jimenez
Fredieric B. Landicho
Luis Gerardo C. Manabat
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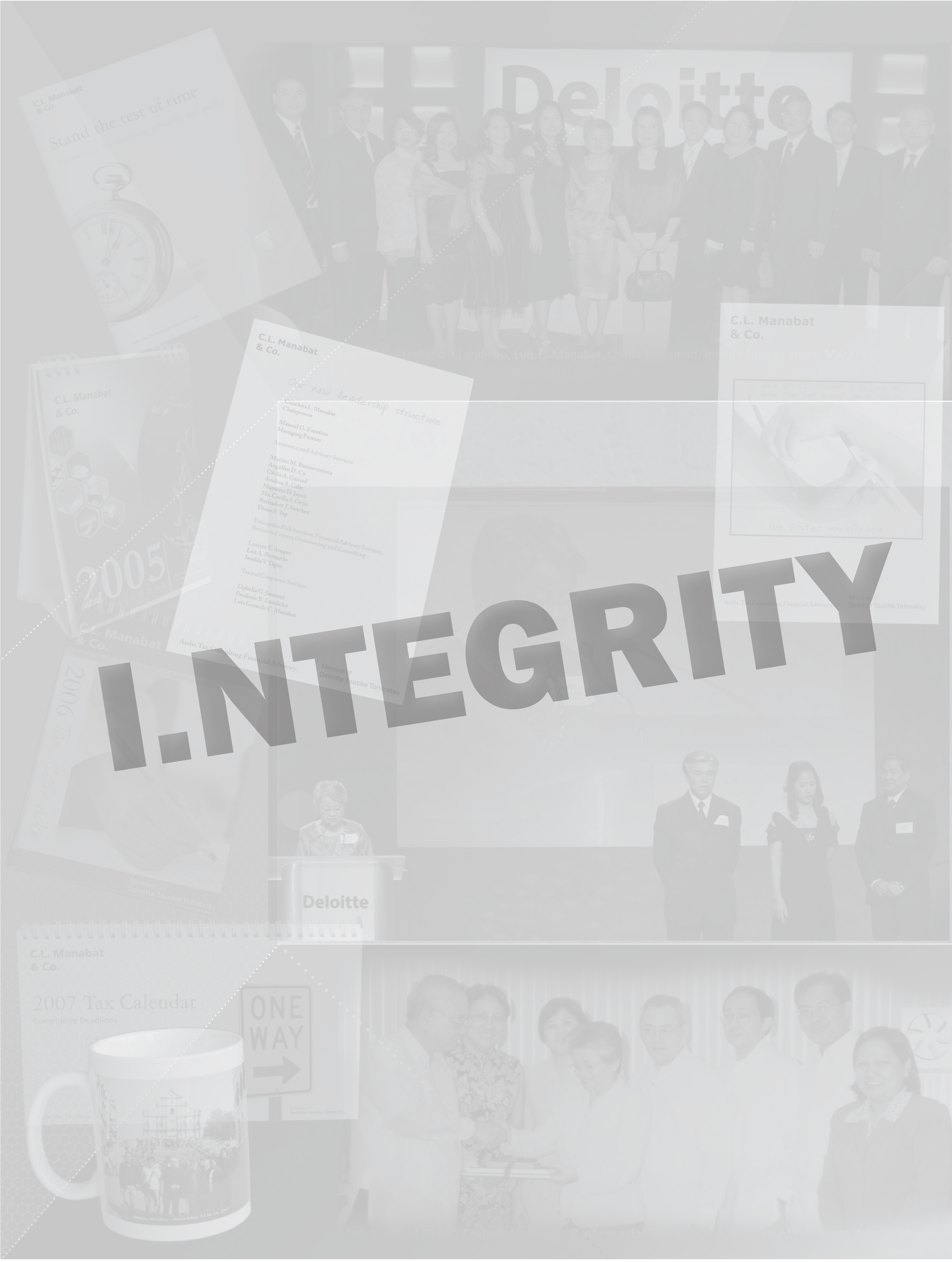
Macau Holiday - November 13 to 16, 2007

Part THREE

"Breaking Through Beyond the Shores"

Fulfilling and Unfolding Processes

I.NTEGRITY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Compliance Deadlines
ONE WAY

Chapter 7

THE FULFILLING PROCESS

The Future Unfolding

"Purpose is a profound commitment to a compelling Expectation for the time of your life."

- Frederic Hudson & Pamela McLean

"What We Say About Ourselves Now and in the Future"

C. L. Manabat & Co., as the Philippine member firm of Deloitte Touche Tohmatsu, defined itself as one with a global reach but with local specialization. The firm declared:

> *"The future beckons us with a compelling drive to 'help our clients and make our people excel'. Being a global firm and steadfast in our purpose to remain in the circle of our global network, the future is ours to create, anchored on our commitment to integrity, professionalism, innovation and excellence.*
>
> *We are committed to provide clients with seamless and consistent professional services wherever they are located. We redefine the world of professional services with a creative blend of diversity and coherence. We work with our clients helping them achieve their business goals by listening to their issues, being objective in developing and implementing tailored solutions.*
>
> *We work at building and maintaining strong relationships with our clients based on mutual trust and understanding, while maintaining our independence.*
>
> *To ensure CLMC has the expertise and resources to add real value, we invest in our people and in modern technology. As part of DTT's global team, we can help our clients grow in the "network economy" … the people and technological inter-relationships need to improve business efficiency. Our access to additional global expertise and resources enables CLMC to deliver the best possible service that can satisfy the growing demands of our clients and our people. And to state succinctly, our mission is: TO HELP OUR CLIENTS AND MAKE OUR PEOPLE EXCEL, as we are driven to be recognized as the best professional services firm in the world."*[1]

In 2006, and in congruence with DTT, CLMC elevated its mission to a much higher plane: TO BE THE STANDARD OF EXCELLENCE.

[1] C.L.Manabat & Co. "Stand the Test of Time". Brochure.

Ever conscious of this mission, and utilizing all available tools and resources that DTT had provided, the firm always took particular interest in knowing the client's level of expectation at the beginning of an engagement and in determining how the servicing team would meet and even exceed that level of expectation. In every engagement, the client was requested by the firm to rate the servicing team after completing the engagement through feedback. Feedback mechanisms had been put in place as mandated by DTT. One such feedback mechanism was called the Client Service Satisfaction Assessment (CSSA), where the client graded the team and provided tangible feedback on how the team can raise the standard of its services and achieve a higher level of excellence the next time around. The Chairperson and the Managing Partner had made it their mission to take time and visit the clients to discuss the CSSA with either the CEO, or the CFO, or the Chairman of the audit committee of the client. To cover a much wider range of clients, the other partners had been enjoined as well to be involved in the CSSA visits. Moreover, to ensure impartiality and to encourage the clients to speak "without reservations," usually another partner, not the lead servicing partner of the client concerned, visited the client.

The firm had been committed from the very beginning of its partnership with DTT to render innovative, tailored and seamless professional services in the following areas:[2]

- AUDIT SERVICES - Attest Services, consisting of statutory audits and audits of financial statements, including interim reporting, for consolidation purposes to parent companies; and Non-Attest Services, such as due diligence review, reports on agreed procedures, internal controls reporting/assessments, forensic services, US GAAP/IFRS advice, IFRS training, and other assurance and accounting advice.

- TAX SERVICES - Assistance to companies in understanding the intricacies of local tax rules and regulations to help them achieve tax efficiencies and structures. These consisted of tax advisory and planning, tax due diligence, tax compliance services, tax investigation assistance, tax seminars and training, corporate compliance services, other tax and corporate services, and international assignment services for expatriate assistance.

- CONSULTING SERVICES - Consisting of three key service lines, namely:

- Enterprise Risk Services (ERS) - to help clients manage risk and uncertainty; and to ensure the reliability of their enterprise systems and processes to improve performance and operating efficiency, understand business risk, determine acceptable levels of exposure, implement controls, and provide ongoing measurement and monitoring of the risk environment and compliance.

- Financial Advisory Services (FAS) - to offer high-quality comprehensive, and strategically focused accounting and advisory services to financial and corporate buyers and sellers, through expert and in-depth advise on a wide range of strategic transactions including acquisitions and disposals, capital raising, valuations, strategic and general corporate finance, project finance and business modeling, working closely with clients in implementing optimum financial strategies to address business needs by applying industry best practices, as well as helping clients re-

[2] Ibid, p. 7; and firm's website as of Oct. 18, 2007.

engineer their business. These were packaged as corporate finance advisory, mergers and acquisitions, financial valuations, business modeling, project finance, strategic finance advice, business re-engineering, corporate strategic planning, and general business consulting.

- Business Process Outsourcing (BPO) - to assist clients in optimizing the performance of important, but non-core, backroom business functions such as payroll processing, financial accounting and reporting, and interim staffing solutions for finance and accounting.

C.L. Manabat & Co.

Our new leadership structure

Conchita L. Manabat
Chairperson

Manuel O. Faustino
Managing Partner

Assurance and Advisory Services

Marites M. Buenaventura
Angelito D. Cu
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In all of these services, the CLMC professionals had always "put their clients at the forefront of best practices" with their knowledge of the clients' industry and of the complexities of the clients' business, utilizing effective tools for success with minimum risks, drawing from the value of teamwork, actively listening and communicating among one another, learning continuously and trusting through mutual respect, thus enabling their clients and their professional staff to excel, and ever consciously striving to be the standard of excellence.

"Our People: Our Greatest Capital"

In 1997, Thomas A. Stewart,[3] wrote *"The Intellectual Capital: The New Wealth of Organizations"* to support the power shift in fiscal/estate capital of the industry wave to the human capital of information wave or knowledge economy. In an age "where information and knowledge are the thermonuclear competitive weapons" to thrive and flourish in business and service, the human capital becomes invaluable. William Butler Yeats would put it as the "wellspring of innovation and the homepage of insights." Stewart further advanced the metaphor of Leif Edvinssons that "if intellectual capital is a tree, human beings are the sap; the saps that make it grow." CLMC had always viewed and considered its people to be its greatest resource. As written in the CLMC brochure:

> *"At CLMC, we recognize that our people are our greatest resource. We have dedicated professionals, each with their own specialist skills as well as people skills. When brought together into client service teams, we produce a unique intelligence capable of addressing*

---

[3] Thomas A. Stewart, *The Intellectual Capital: The New Wealth of Organizations* (London: Nicholas Brealey Publishing, 1997).

the complexities of different businesses. Our people are united by our shared beliefs and are dedicated to delivering the highest quality and reliable advice to our clients.

Stewart defined "intellectual capital as the sum of everything that everybody in the company knows that gives it a competitive edge." At CLMC, this had been rooted in the value of "intellectual capital" in that its people had always worked in dynamic groups, where innovation and creativity were spawned and encouraged and where professional integrity was emphasized at its core of functioning. CLMC consistently aimed at developing highly successful people by challenging them and creating an environment conducive to work. The professionals were of various backgrounds and were given access to global experiences through the DTT network. This local and global diversity made CLMC versatile and intellectually strong to meet the challenges of the practice.

"Our Commitment to Excel and to Excellence"

"Keeping on the right path" was a byline that all CLMC partners, professional, and support staff had always held on steadfastly like a plumb line. Without hesitation, CLMC would declare that at the heart of the firm's ethos was its practice of doing things right, of leading by example, of embracing the principles that stand the test of time: **trust, integrity, quality, and consistently committing to keep DTT's four global shared values** of: (1.) **Integrity**, (2.) **Outstanding value to clients**, (3.) **Commitment to each other**, and (4.) **Strength from cultural diversity**. CLMC continuously developed its staff as leaders and empowered them as professionals. This was done by an equally strong commitment to making a positive impact on the people and communities around the firm.

The firm thus conducted the practice in a manner that was always ethical. Everyone in the firm was expected to read, know, and embrace the CLMC Code of Ethics and Professional Conduct, and for professionals, the DTT Professional Practices Manual. The Code upheld the ethical principles and the global shared values of DTT members, uniting all DTT professionals across the globe. In addition, and in accordance with DTT practices, the firm had strict client acceptance and client continuance policy and processes which ensured that reputational risk was addressed in all engagements. The firm did not hesitate to withdraw from engagements that endangered professionalism or ethical practices, and it had done so on several justified occasions.

The firm had also engaged in projects and alliances with organizations for the benefit of the community or the society at large. Most notable examples were: (1) In 2006, through the firm's foundation, it institutionalized its annual financial grant to the Philippine General Hospital for the benefit of the hospital's indigent patients, in particular, children. (2) The firm participated in the Deloitte Impact Day, wherein DTT member firms across the globe annually set aside a day to serve their communities. It was during the Deloitte Impact Day that members worldwide would express their commitment to community development by participating in any project that gives back positive contributions to their communities. (3) Key partners were members of the Rotary Club and had been involved in a number of club projects and outreach programs that contributed to the uplifting of many communities through medical missions and the preservation of the environment.

The firm contributed and participated in international, national, and local organizations that support the development of professional standards and the advancement of the profession. The firm and the partners had always been active in professional and business organizations, such as the Philippine Institute of Certified Public Accountants (PICPA), Association of Certified Public Accountants in Public Practice (ACPAPP), Philippine Management Association of the Philippines (PMAP), Financial Executives Institute of the Philippines (FINEX), Tax Management Association of the Philippines (TMAP), Philippine Chamber of Commerce and Industry (PCCI), either in top leadership functions, or as active participants in working committees, or as speakers in discussions, forums, or conventions.

In addition as a matter of dedication, key partners in the firm had been involved in standards-setting bodies of the profession and major organizations, for example: (1) Conchita Manabat had been an active member of the Consultative Advisory Group (CAG) of the International Audit and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), the international auditing standards-setting body based in the UK; was President of FINEX in 2002; was the first woman Chairperson in 2004 to 2005 of the International Association of Financial Executives Institutes based in Europe; co-chaired the Capital Markets Development Council of the Philippines, together with the Secretary of Finance, from 2003 to 2006; (2) Manuel Faustino, on the other hand, had been an active board member of the Auditing and Assurance Standards Council (AASC), the auditing standards-setting body in the Philippines; (3) Luz Bernardo had also been an active member for many years of the Interpretations Committee of the Accounting Standards Council (ASC), the accounting standards-setting body in the Philippines; (4) Melissa Sanchez-Delgado had been an active board member of the ACPAPP. Other partners and managers had been similarly encouraged to be active participants in professional organizations.

The firm likewise engaged in activities that sought to advance the corporate social responsibility agenda and which were valuable platforms for CLMC to communicate with peers and the public on their commitment to corporate social responsibility. Conchita, as Chairperson, and Manuel, as Managing Partner, had delivered a number of talks on Good Corporate Governance and other relevant topics in major forums. Moreover, Conchita had regularly contributed relevant articles on business and finance in some major daily newspapers.

The firm had always recognized the value of teamwork and open communications in pursuing the aim to excellence. The feedback process documented in the Client Service Satisfaction Assessment (CSSA) and the personalized and "fearless" attention given by the Chairperson and the Managing Partner to "face the client" and discuss the CSSA were earnest intentions and motives to pursue excellence. The firm believed that the CSSA, being an integral part of the Deloitte approach and the personalized manner of handling it, was unique to the practice. Many clients were pleasantly surprised at this unique and personalized feedback mechanism, and many claimed that they had never experienced such practice from their previous auditors.

The firm believed that the vision to be recognized as the best professional services firm could be achieved through mutual trust and respect and through continuous learning and sharing.

Gleaned from the interviews with the professionals and employees from various units, when asked for the reasons why they stayed on with CLMC in spite of its compensation package (vis-à-vis the other competitors), the recurring responses focused on CLMC's priority and attention given to developing people, providing opportunities for exposure, learning and growth, and the way people were made to feel as "one family of professionals." And given a predominantly young group of professional staff, the need for more appreciation and recognition of one's work, attentiveness and sensitiveness to employees' needs as well as wider/greater opportunities for growth, had also surfaced as among the specific concerns of the organization. The leaders/partners welcomed such feedback obtained from surveys and saw to it that concerns of the organization were addressed in due time.

"Our Resolve for Integrity and Service"

The way to the future for CLMC was anchored and rooted on the fundamental values of **Integrity** and **Service.** These values must have been embedded in everyone as soon as they joined the firm. It must have been demonstrated by the leaders/partners, in their high commitment to live and practice the values of integrity and genuine service. If there was any single distinction that CLMC was firmly known for, it was in its tenacity in keeping the practice with INTEGRITY. Cindy Ortiz, a newly promoted partner, when asked what was CLMC's proud legacy to the professional practice and industry, with unequivocal certainty, replied: "It is integrity. We have not compromised on this virtue and we can look straight in the eye of anyone on what we do with integrity. And for this, we have earned the respect and credibility we worked so hard to deserve." When asked further how this was done in the practice of the profession, Cindy readily replied, "We start this at the point of choice of our clients." She further clarified that if at the first instance or during the first visit, the prospective client insinuates at questionable accounting or "creative taxation," CLMC would immediately sense that the practice will be compromised if the engagement were to be pursued. So, by choice, CLMC adhered faithfully to the principle that CLMC will make no room for compromises where integrity is at stake.

In one issue of the *Staff Bits*[4], four of the partners were asked to define and describe what "integrity" means. Here were their statements:

Angelito D. Cu, Audit Partner, said,

> *"Integrity means being complete, being whole and with unimpaired condition. It is being upright, honest and sincere.*
>
> *…..we at C.L. Manabat & Co. are working aggressively to help our people excel. We enjoy recognition for our unique culture, and our reputation for integrity…. the quality of our service reflects who we are.*
>
> *On our independence*[5] *– maintaining our independence is critical in delivering our services and sustaining the highest degree of integrity. Our approach to monitoring professional objectivity is multifaceted and dynamic. We believe that a robust approach is one that is continuously improved as regulations evolve and circumstances warrant. For example,*

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4 Staff Bits, December 2003.

5 Meaning of Independence, Webster's New World Dictionary

Establishment of CLMC Foundation, Inc. Professorial Chair at the College of Business Administration of the University of the Philippines
Left to right - UP President Francisco Nemenzo, UP CBA Dean Erlinda S. Echanis, Ophelia G. Jimenez, Conchita L. Manabat, Manuel O. Faustino, Angelito D. Cu, Mamerto D. Jayco, Luz A. Bernardo

modifications to our approach resulted in the recent Sarbanes-Oxley independence rule changes….and observations of the oversight authorities in the USA are addressed as they arise. Our local SEC is now working towards issuing a policy and guidance on this matter.

Doubts have also been raised about an audit firm's ability to maintain its independence[6] when it provides a client with both audit and significant non-audit services such as consulting. Our reputation for integrity and quality is our most important asset and its loss would destroy our entire organization."

Luz A. Bernardo, Management Solutions & Human Resources Partner, said,

"I would like to think of integrity not as a 'big' word but just a simple word with a simple meaning….a commitment to the truth. A person chooses to live by it everyday. This means that one need not wait for a grand spectacular opportunity or until he has achieved greatness, popularity or position to embrace the belief.

The poor, uneducated man in the streets can choose to live with integrity. A mere claim, however, is not enough and one has to demonstrate it even in the littlest ways. The quality and care a person puts in his work so he can proudly stamp it with his name, the honesty with which one deals with people, whether they are colleagues, an OJT student or a contract employee or people he encounters outside, or one's self, the conviction to stand for what is right and what is true – these are little but say a lot about the extent to which one has embraced and lived integrity."

[6] From Deloitte & Touche, Guidelines and Discussions on Independence

Bernadett J. Sanchez, Audit Partner, said,

> *"Integrity means treating people with honesty and fairness, in action, in word, and in thoughts. Integrity is rather fragile and remote yet it is very essential to a decent life.*

Mamerto D. Jayco, an Audit and Administrative Partner, said,

> *"Ms. M (as Conchita is sometimes called) repeatedly says that our middle initial is 'I.' Hence we have come to identify with that 'I' in our name. We must live it."*

Reflections and Insights

To Manuel O. Faustino, *"fulfillment comes after fulfilling all personal and business goals and being able to pass on a **legacy** to the younger partners. There was 'plenty of room at the top'; the baton had to be passed on to younger and new leaders to bring the firm to the next level, to higher heights. The stage for the next level therefore had been set and the leadership had to move on, lest it becomes irrelevant. But 'The Institution' remains. The institution was built to endure. The original leadership had to inspire the new leadership. The senior partners' role merely prepared the way for the new generation to lead the firm to meet new challenges, and the time will also come when that generation will lead the next and so on and onward."*

Thus, in 2007, Conchita and Manuel retired from the firm and passed on the leadership to the younger partners. The firm then registered a new name in 2007 with the Securities and Exchange Commission: Manabat Delgado Amper & Co. (In the months unfolding from 2011 to 2012, with the approval of DTT, the firm moved on to another transition, under a new generation of leadership, the third generation. The firm was then renamed Navarro Amper & Co.. On 7 January 2014, the announcement was made that Navarro Amper & Co. and Punongbayan & Araullo agreed to combine their professional practices to be known as Punongbayan Amper & Co. effective 1 July 2014.)

Chapter 8

CLMC AND BEYOND

Can CLMC Stand the Test of Time?

"To win or lose
To love or hate
To try or quit
To risk or withdraw
To accelerate or hesitate
To dream or stagnate
To open or close
To succeed or fail
To live or die,
Every one of these starts with a Choice"

- Snowden McFall

CLMC celebrated its 10th Anniversary in 2007. What had been was a consequence of many significant and deliberate choices. What will be would be created and shaped by the choices made today. As the above quote states, "Every one of these starts with a Choice." Would the successor firm remain as is, or will it continue to excel as the challenges of the future unfolds before her? What are these challenges that would bring different breakthroughs for the successor firm? A different question could be asked: What was the legacy that CLMC passed on to the successor firm that would stand the test of time for it to continue to thrive, to excel, and to endure?

Here is what the founder and former Chair delivered to the CLMC Family celebrating its 10th Anniversary then:

"A pleasant morning to all!

For those of you who just joined the firm and/or who does not know how this firm started, allow me to give you a brief on how it evolved.

In May 1996, I decided to withdraw from a former accountancy partnership that I co-founded, then known as Laya Manabat Salgado & Co., then representing Coopers & Lybrand (now merged with PriceWaterhouse). That partnership is now known as Manabat Sanagustin & Co. (the KPMG firm in the country). Initially, I formed a consulting practice with Luz Bernardo and Diane Yap. I met Luz in my former partnership where she was a performing auditor. A brilliant but unassuming CPA, Luz pursued her MBA at the University of the Philippines as a Sanwa Bank scholar. She became my great assistant and "Jack of All Trade", shifting from audit to consulting plus overseeing IT, administrative and other requisites. Even as consulting partner heading the consulting practice, she had always supported audit, ending at one time as half-audit and half-consulting partner when a large French conglomerate, the Lafarge Group, was assigned to her. Diane, a CPA and MBA graduate from UP came from audit but shifted to consulting with Luz and then, back to audit. Diane was our first full-blown GDP and was, so to speak, fielded into so "many wars" being assigned to challenging and difficult-to-handle clients. She had a stint at Deloitte Singapore and I am very glad she is back in Manila. Diane knows what my aspiration for her is. We were about twelve people at the beginning forming our key professional team.

Immediately, we represented Grant Thornton International, the next of the biggest outside of the Big Six at that time. In 1997 when my term as Chair of the Board of Accountancy ended, I set up the accounting firm called C.L. Manabat & Co., now known as Manabat Delgado Amper & Co., beginning in 2007 under the new leadership of the next generation of partners. My firm resolve was to put up a practice that will be different from the others, a practice that will make its professionals proud to be part of and will learn from the best practices of the others. More importantly, I had wished to have a firm with a soul, and one with a family type of relationship.

In no time, Bernadett Sanchez, Ofelia Gamad, Melissa Sanchez-Delgado and Marites Buenaventura-Landicho from my former firm joined me. These ladies came to me when my audit practice was just beginning. I had more qualified professionals then than I had clients and so I asked GTI to field them to different GTI offices overseas. Bernadett was accepted by the Los Angeles office of GTI. Bernadett was caught in between the shift from GTI to Deloitte in 1999. I had to tell her to stay in the US for almost a year or more without any tasks while I was clearing the shift of her secondment. Considered as a GDP returnee, she was our first dedicated partner assigned to the firm's major client, P&G. Ofelia & Melissa were sent to the GTI Singapore office for one tax season while Marites was sent to Leicester, UK.

Then, I recruited the reluctant Manuel Faustino followed by Ophelia Jimenez. Manny, a LaSallite and AIM graduate got his audit exposure with SGV. He came to me to seek collaboration to grow the consulting practice of another accounting firm where he was the Managing Partner. I told Manny that I had better plans and that was for us to set up an accounting firm. Leah, a CPA lawyer who spent a good number of years with the BIR and another accounting firm with Manny, was a good addition to my stable of professionals.

By late 1998 and with about 35 professionals, I was introduced to Bob Campbell, regional CEO and Managing Partner of Deloitte at the time. In 1999, I consolidated the consulting firm into C.L. Manabat & Co. to become the Deloitte representation with our 55 professionals and some 35 cross-overs from the former Deloitte member firm led by Angelito Cu and Mamerto Jayco. I had known Angelito from way back for he was a performing auditor handling companies under my watch as CFO of a conglomerate. Mamerto, a GDP returnee enhanced the line up of audit leaders.

At the commencement of the Deloitte representation in 1999, I served as the Managing Partner. Later, Manny Faustino became our Managing Partner & Head of Audit. Luz became our leader for Consulting and as mentioned earlier, becoming partly at one time a servicing audit partner; Ophelia, for Tax & Legal; Angelito, for Risk, Quality Control & Independence; and Mamerto, Administration. We put up our Cebu office with Gerry Sta. Ana as our reliable anchor and leader for Southern Philippines. A LaSallite, Board topnotcher and an MBA degree holder from the UP, Gerry grew the Cebu office in an amazing way. I used to visit Cebu every quarter, visiting as many as 6 to 8 clients together with briefing with the Cebu staff. I have always been proud of my team. Our motto was 'One for All and All for One!'

Things happened quickly and the firm grew fast. I was pouring an average of 15 hours a day including weekends. We campaigned for new clients, increased the staff, expand the facilities and support system, all at once!

The fast change that occurred in the formation and growth of CLMC could not be left to chance and there was always a consciousness on the part of leadership to establish and keep "order" and put "norms" in place, to ensure that all live by our commitment to quality and integrity. While change takes the breath away with the excitement of the breakthrough and novelty and the dynamism of an upbeat organization, we aimed for stability and sustainability.

In the growth and expansion stage of CLMC under our watch, the fine lines between the different stages of the firm from birthing to prime were barely visible. We managed the phenomenal growth of the firm the best we could so that the transition pangs did not deter the organization from excelling to land it as one of the Big Four in the country, in a very short period of time. It is the youngest among the Big Four firms and surpassing even the much older firms in the industry.

I always say CLMC is a gift and a success story. In less than a decade, this firm managed to become Number 4 (and in many aspects, Number 3) in the Philippine accountancy practice. Among the Deloitte firms in the region, the firm registered the highest growth in recent history with no less than the global DTT CEO Jim Copeland at the time recognizing it during the Brussels World Meeting of Representatives. More importantly, up to the time I retired, the firm was one of those firms in the Deloitte world with zero registered risk incidents in its eight years of existence as DTT member firm. I wish to reiterate my sincerest thanks to all my partners and staff. Indeed, we valued and lived up to our middle name which is "integrity"!

Over the years I had been in the firm, we recruited a number of professionals. Some decided to leave to find greener pastures, mostly overseas. Some of them came back and continued to be with the firm. Those who chose to stay are still around and

I feel great seeing them here. All of your leaders now were our recruits. During the hand-over of leadership last March of 2007, all of us retired senior partners felt so proud of what we had achieved.

Recently, I was invited to be one of two speakers in the Appreciative Inquiry Conference on the topic of "Growing the Seeds of the Enterprise, Minding the Bottomline". It was opportune that the book about the firm is being written and the author gave permission for me to get some excerpts from the draft. Some of your leaders and managers were interviewed for the book. You will be the first recipients of the copy of this book once it is completed. It is indeed a fruit of labor and a grand opus of immeasurable value, in the same manner that its subject matter, the firm, was truly a fruit of hard work and dedication, and a grand opus of wonderful opportunity for those who want to be a part of it.

After my presentation in the Appreciative Inquiry conference, there was the open forum. Among the highlights of the Q & A that would always be in my mind were the following:

On the question of what the bottomline is, most of the participants were not expecting my response. But I replied that relationships are the most important bottomline: relationships with our own people, clients, our international representation, regulators, and all the public that we serve including those who contributed to the creation and evolution of the firm. I credit integrity and professionalism, the family culture and care for one another as the key success factors.

On the aspect of whether the firm is built to last, I said nothing now is built to last. Even the once great Arthur Andersen is now gone. On the physical aspects of things, equipment and gadgets are now throw-aways after their short economic life due to rapid technological changes. Oftentimes, it is better to buy new ones than repair the broken equipment. To this, an elderly participant in the audience registered her thoughts. She said she agreed to most of what I said but not on the matter of nothing is built to last.

She added and I would like to quote her, "You planted the good seeds – the shared beliefs of family culture, professionalism (upholding integrity by making it the firm's middle name), being fair, accountable to your thoughts & actions, and transparency. The institution you started and nurtured is built to last but what will bring it down will be those who will not uphold the good seeds." I was elated and said, Thank you very much and I stand corrected. And so, I stand this time before you all as I did in the past, and say: please uphold the good seeds we retired partners planted ten years ago and you will continue to reap the rewards of your labor and ensure that the institution we built will be built to last!

My dear co-professionals, I wish you the best and may the next ten years be ten times better than ours. Allow me therefore to end this short talk by quoting George Santayana:

> *"We must welcome the future, remembering that soon it will be the past;*
>
> *And we must respect the past, remembering that it was once all that was humanly possible."*

Good morning and all the best!"

This piece was delivered by Conchita during the firm's 10th year anniversary celebration in 2007 (eight years as a Deloitte member firm). Luz and Mamerto retired from the firm in May of 2006, while Conchita, Manuel, Ophelia, and Angelito retired seven months later in December of 2006. The official hand-over of leadership to the next generation of partners was formally held in March of 2007.

"Our Victory from Learning Is Our Legacy"

Defining and redefining oneself at every turn of experience require a mind-set and a lifestyle of lifelong learning. Conchita and her partners knew that learning is never an ending process. It is ever an unfolding and emerging process of becoming. For CLMC, the state of "being best" unfolded in "behaving best," which continued on in the journey of "becoming best" every step of the day.

"Our Vision Is the Pull to the Future Now"

It may be said that a vision is an image of oneself, at best visualized as a desired future now. It is a picture crafted from within the workings of the mind and heart articulated in visual and verbal forms that become the moving power to engage resources in activities towards realizing the desired future. To CLMC, the vision of its future was in the hearts of those who had imbibed and who continue to uphold the values of integrity, quality, honesty, and excellence. This vision, embodied in such core values by the founders and partners of CLMC, can stand the passing of time. With the clear commitment to serve clients with integrity and quality, while being mindful of the internal, external, technical, professional, and strategic factors and standards affecting the practice, the successor firm can confidently say: it can stand the test of time.

Left to right - Fredieric B. Landicho, Luis C. Manabat, Ofelia A. Gamad, Imelda Tapay-Lapres, Marites Buenaventura-Landicho, Melissa Sanchez-Delgado, Conchita L. Manabat, Avelina A. Gille, Drake M. Sombrito, Cindy F. Ortiz, Luisito T. Amper, Bonifacio F. Lumacang, Manuel O. Faustino

"Our Views and Mindsets Open the Windows for Innovation"

In retrospect, Conchita and her partners asked themselves these questions:

- What patterns or themes or meanings ran through the developmental changes and stages of the firm?
- What significant or critical factors and forces were influential in each of the life stages of growth, development, transition, and transformation?
- Which factors were the most influential or most critical at every stage of the change and growth?

In answer, they thought of a set of eight elements, namely: purpose, perspective, principles, policies, presence, practice, persons, and pesos. Which of these eight elements surfaced to influence the CLMC professionals in their service? To the professionals who participated in the survey on these elements, the powers of **purpose, principles, practice, and persons** had been identified as among the most influential elements in their functioning. This was an affirmation that the growth and development of the firm had been leveraged by these important elements for survival and durability.

"Our Values on Integrity/Quality – The Leverages Beyond Change"

Integrity and Quality were the core values that the practice leaders and partners had as they navigated the waves of change and such values were definitely the leverages beyond change. There was no question in their minds that "doing things right the first time" was based on their commitment to each other and to the firm. They believed that by being true to themselves and to their clients, they promoted integrity and demonstrated quality. These, of course, are not templates in "perfect" forms. The oneness and wholeness of the leadership and its professionals in adhering to their core values with consistency and tenacity made the distinctive difference CLMC had in its professional journey.

CLMC Developmental Milestones

1. Breaking new Grounds – The birthing pangs of CLMC

- November 1996 - Registration with the Securities & Exchange Commission of First Philippine Consultants, Inc. (FPCI). Conchita L. Manabat (CLM) with Luz A. Bernardo & Diane S. Yap constituting the core of the consulting practice.

- November 1997 - Started with only 7 Professional Staff.

- 1997 - Registration with the Securities & Exchange Commission of C. L. Manabat & Co. (CLMC) with Manuel O. Faustino joining CLMC and Ophelia G. Jimenez joining FPCI.

2. The Forming perspectives and processes – The Context of The Ways of Being

- 1996/1997 - Grant Thornton International appointed both FPCI and CLMC as member firms in the Philippines.
- 1998 - Merger of Price Waterhouse and Coopers & Lybrand reducing the major international firms from **Big 6** to **Big 5** – Arthur Andersen (SyCip Gorres Velayo & Co.), PricewaterhouseCoopers (Joaquin Cunanan & Co.), Ernst & Young (Punongbayan & Araullo), Deloitte Touche Tohmatsu (Diaz Murillo Dalupan and Co.), and KPMG (Laya Mananghaya & Co.).
- June 16, 1998 - Introduction to CLMC of Deloitte Touche Tohmatsu (DTT) Asia Pacific Regional CEO Robert A. Campbell and his colleague, Robert Brodie by Rustico Murillo, Co-Managing Partner of Diaz Murillo Dalupan (DMD), the DTT member firm in the country during that time. CLMC and FPCI at the time had about 50 professional staff combined.
- April 8, 1999 – Robert A. Campbell informed CLM that CLMC would be made a special member firm of DTT for purposes of proposing on and performing certain engagements while matters were being firmed up with DMD re: the formation of a new professional firm with the getting together of the professionals from DMD and CLMC.
- April 23, 1999 - Meeting with Campbell and colleagues re: final arrangements re 40 partners and staff of DMD to cross over to CLMC and other issues re the new DTT member firm.
- April – May, 1999 - Jose C. Leynes and his associates joined the Tax Practice of C.L. Manabat & Co. prior to the DTT appointment. Likewise, Rolando I. Santos joined that Audit Practice of the firm.
- June 1, 1999 - DTT appointed C. L. Manabat & Co. as its new member firm in the Philippines with Conchita L. Manabat as Managing Partner, Jose C. Leynes as Deputy Managing Partner & Tax Practice Leader, Rolando I. Santos as Audit Practice Leader, and Luz A. Bernardo as Management Solutions Practice Leader.
- John Jake Killeen posted as DTT consultant for practice development.
- July 22, 1999 - Celebration of CLMC as new DTT member firm held in New World Hotel.
- After DTT affiliation, the professional staff rose to 85. A seminar/workshop was held to address the need to integrate, consolidate and build a common culture among the two groups of staff coming from two different orientations. The workshop dealt with the Organizational Development/Culture Building Process.

3. The Partnering Processes – The Web that Links

- February 2000 - Departure of Jose C. Leynes & team making Ophelia G. Jimenez as Tax Practice Leader & forging of support arrangement with the Bengzon law firm for Tax & Legal services.

- June 2000 - Luis C. Manabat joined the CLMC Tax Practice as Manager.
- Organization/ Management Session with Leadership/ Management and Staff.
- 3rd Quarter - Departure of Rolando I. Santos. Manuel O. Faustino was elevated as Audit Practice Leader. The remaining partners who constituted the Founding Partners were Luz A. Bernardo, Angelito D. Cu, Manuel O. Faustino, Ophelia G. Jimenez, Mamerto D. Jayco, and Conchita L. Manabat.

4. The Norming Process – The Patterns in Place

- August 2000 - DTT Practice Review on audit headed by DTT Partner Alan Flanders.
- 2001 - Appointment of Manuel O. Faustino as Deputy Managing Partner; Angelito D. Cu became the leader of Risk Management & Independence concerns.
- Early 2002 - Cecilio C. Amoranto joined as Director of Management Solutions.
- September 2002 – Cecilio C. Amoranto was admitted as Partner for Management Solutions; Avelina A. Gille, Ofelia A. Gamad, and Bernadett J. Sanchez, Partners for Audit; and Luis C. Manabat, Partner for Tax.
- September 2002 - Manuel O. Faustino was elevated as Managing Partner and Conchita L. Manabat as Chairperson.
- 2002 – A large group of managers from a local representation of another **Big 5** firm applied for employment at CLMC. Two of them (Fredieric B. Landicho and Richard Lapres) eventually joined the CLMC Tax practice. Later a third one joined the CLMC audit practice.
- 2002 - Collapse of Arthur Andersen due to the Enron scandal in the US. The big international firms were reduced from the **Big 5** to **Big 4** (Price Waterhouse Coopers/Isla Lipana & Co., Ernst & Young/SyCip Gorres Velayo & Co., Deloitte Touche Tohmatsu/C. L. Manabat & Co., KPMG/Manabat Sanagustin & Co.).
- 2002 – The Professional Staff rose to 220.

5. The Linking and Leveraging Processes – The Loop that Leaps Beyond

- 2003 - DTT Practice Review on the Audit and Enterprise Risk Services practice led by Suzie Gough, from the DTT-Hongkong practice.
- 2003 DTT Practice Review on the Tax practice.
- 2003 DTT Practice Review on Financial Advisory Services practice.

- Loretta Ayers, US DTT Partner replaces John Jake Killeen as DTT consultant for practice development and to act as DTT regional partner for the regional audit of an international consumer products company.
- August 2003 - Outdoor-Adventure-Based Team-Building Workshop for Partners, Managers, and Seniors.
- September 2003 - Opening of the CLMC Cebu office with Geronimo Sta. Ana as Partner in charge.

6. **The Converging Process - - The Focus for growth and expansion**

- November 2003 - DTT review, upon the initiative of the new DTT regional managing partner, on the firm's operations to achieve greater efficiency and profitability.
- December 30, 2003 - CLMC signs a Task Force agreement to drive efficiency and effectiveness towards profitability, thus creating a "Re-engineering Task Force" consisting of two CLMC partners and three DTT partners: Manuel O. Faustino and Luz A. Bernardo from CLMC; and from DTT, Loretta Ayers- the US Partner posted in Manila, Todd Smith- the Deputy of the Regional Managing Partner, and Ron Barrington- a US Partner and the COO of the Thailand practice.
- 2004 - Oscar A. Torres joins CLMC as Audit Director and subsequently admitted to partnership in the same year.
- First Quarter of 2004 - Launch of the Audit Efficiency and Effectiveness Initiative as part of the "Re-engineering Task Force" projects.
- 2004 - Implementation of a practice management system, also part of the Re-engineering Task Force.
- 2004 - Introduction of partner goal-setting and performance management system, another initiative of the Re-engineering Task Force.
- 2004 – The Professional Staff reached a full complement of 275.

7. **The Fulfilling Process – The Future unfolding**

- CLMC initiates an empowerment initiative whereby certain key Senior Managers and Directors were identified ready to assume higher leadership function - Start of implementation of the leadership transition plan.
- 2004 - Elevation of Senior Managers to Directors: Luisito T. Amper for Enterprise Risk Services (ERS), Imelda Tapay-Lapres for Business Process Outsourcing (BPO), and Diane S. Yap for Audit.

- August 2004 - Strategic Visioning/Planning Process using the Appreciative Inquiry to enable the Founding Partners with New Partners and Senior Managers, moments of reflection and rediscovery of new vistas and vision of the firm.
- October 2004 -The Team Building Processes among Managers and Seniors using the Whole Brain Literacy Approach.
- 2005 –Cecilio C. Amoranto and Geronimo Sta. Ana retired but Geronimo was retained as Consultant for the Cebu office. Oscar Torres, after completing one audit season, withdrew from the partnership to join a client in an overseas regional position.
- 2005 – Managing Partner Manuel O. Faustino starts to groom Luis C. Manabat as his Deputy.
- Third Quarter of 2005 - Luisito Amper (for ERS), Imelda Tapay (for BPO), and Diane S. Yap were elevated further as Partners. On the other hand, Senior Managers Ma. Cecilia F. Ortiz (Audit), Marites Buenaventura (Audit), and Fredieric Landicho (Tax) were admitted as Partners.
- 2006 - Senior Managers Melissa Sanchez Delgado, Drake M. Sombrito, and Bonifacio F. Lumacang were elevated as Audit Partners.
- Roll out of DTT's restructuring for the ASEAN Cluster (Singapore, Malaysia, Indonesia, Thailand, Philippines, and Guam) to be headed by the CEO of Singapore. The cluster will serve as one firm where there will be sharing of resources with economies of scale.
- Executive Session on "Passage and Transition – Thinking Through CLMC's Journey In Transformation" was held amongst partners and senior managers to tackle the following issues and concerns 1) Readiness for Change, 2) People Retention, 3) Capability Building for Sustainability, 4) Commitment to Purpose and Change, and 5) Transition Leadership and Succession Planning.
- May 2006 – Founding Partners Luz A. Bernardo and Mamerto D. Jayco retired from the firm.
- December 2006 – The rest of the Founding Partners Conchita L. Manabat, Manuel O. Faustino, Angelito D. Cu, and Ophelia G. Jimenez also retired from the firm.
- Late 2006 onward to 2007 – the Professional Staff head Count reached 300.
- March 2007 – Turn-over of leadership to Luis C. Manabat as the next Managing Partner. The firm was renamed Manabat Delgado Amper & Co. (In 2011/2012, the firm was further renamed as Navarro Amper & Co. after the retirement of Luis C. Manabat and the admission into the partnership of Gregorio Navarro as the present CEO and Managing Partner. On 7 January 2014, the announcement was made that Navarro Amper & Co. and Punongbayan & Araullo agreed to combine their professional practices to be known as Punongbayan Amper & Co. effective 1 July 2014.)

Epilogue

Learning is a lifelong process for leadership/management to champion and live by in the organization. If organizations were to build themselves to sustain and last through generations, the legacy of learning becomes an integral part of the process of development. No other legacy has an enduring capacity than the "capacity to learn how to learn" from the past, the now, as well as the unfolding possibilities.

When the founding partners of CLMC took the retirement choice after a decade of corporate functioning, there was a desire to allow the retention of the name "C. L. Manabat & Co." for the next generation, which the Founder/Chair, Dr. Conchita L. Manabat declined. It was her belief that her time was best served during the decade, and the legacy for learning and sustainability is best carried on by those who subsequently take the helm of the firm and who thereby must become known to the clients and other constituents they serve. She believes that corporate functioning must be demonstrated by those who are active in the industry rather than from the heritage of the past.

While learning can be gleaned from direct experience as shared and passed on from generation to generation, corporate identity and corporate functioning must be active and current. The completion of this story and the decision to go for its publication must be for a very good reason which we call "purpose as the pull of the future now". What is this pull that draws to the moment of choice of sharing a story? To the partners and the author, this pull is the legacy for learning and growth.

Generations after generations can only appreciate the lived experience of those who have made marks and milestones in a body of knowledge where best practice, quality, integrity and excellence have been sought as a matter of policy. How these have been adhered to, practiced, refined, reflected and transcended through the test of time, travails and triumphs, can only be learned when documented and shared in a book – a testimony that learners in the field of Organization Development (OD) can read as a case. In OD where "process content" is critical to the development of "best practice" in leading and managing change, case studies on such processes are invaluable to have in an academic institution.

The Graduate School of Business of Assumption University in Bangkok, Thailand is grateful for the opportunity to get this case printed and published for its program. The University offers programs in Organization Development (MMOD and PhDOD), where the author is the Program Director.

PERLA RIZALINA M. TAYKO, Ph.D. is an international consultant in Human and Organization Development. She has served in organization development projects of World Health Organization in Malaysia, of Asian Development Bank in Pakistan, Uzbekistan, and Bangladesh, and through other development links in Brunei Darussalam, Indonesia, Myanmar and Thailand.

"Pearl" considers herself a partner and learner with her client systems in "thinking, learning, creating, caring and connecting" - a "thinking-through" set of processes which she calls "whole brain literacy" in engaging and enabling individuals, groups, organizations and communities to shift mind-sets, lead and manage change. Her field of expertise and experience have been in HUMAN, CURRICULUM, INSTRUCTION and ORGANIZATION DEVELOPMENT engagements and activities with different types of organizations in the country – educational institutions, cooperatives and networks, non-government service organizations, private/public organizations, business corporations, professional organizations and religious institutions.

To mention a few client organizations she has served include Armed Forces of the Philippines, Health & Manpower Development of Department of Health, Central Office of Department of Environment & Natural Resources, Department of Education, Association of Deans of Philippine Colleges of Nursing, Philippine Nurses Association, Peace Corp Philippines, Philippine Press Foundation, HERMA Group of Companies, Center for Educator's Formation, C.L. Manabat & Co., and Hyundai Asia Resources, Inc. She served as Dean for nine years at Southeast Interdisciplinary Development Institute (SAIDI) and currently as Program Director of the PhD in OD and Organization Development Institute (ODI) of the Graduate School of Business, Assumption University, Thailand.

She earned her educational degrees, both in the country and in the United States as University Scholar at Silliman University, an East-West Centre Scholar at University of Hawaii, Fulbright Scholar at University of California, Berkeley and Lawrence Hall of Science. Her special professional certificates include Professional Training from University Associates, USA, Brain Technology and Dolphin Strategies from Brain Technologies Corporation, USA, Personality Human Relations from Animators of PRH of Winnipeg, Canada, Mission Mapping of New Base International, USA, Systems Thinking in Action, Professional OD Programs at Pepperdine University and Stanford University, USA.

She has distinguished herself as the first Richard Beckhard Awardee of the International Organization Development Association (IODA) in 2002 given on the 17th IODA World Conference in Santiago, Chile; an Outstanding Sillimanian Alumni Awardee in the field of Organization Development by Silliman University, Dumaguete City, in 2007; and Lifetime Achievement Award given by Asia Organization Development Network (AODN) given during the 6th AODN Summit at Hohai Univeristy, held in Nanjing, China. She received from Assumption University of Thailand last 24 Dec 2011, St. Martin de Tours Award for Excellent Performance, First Class. Most recently she received a "Top Dolphin" plaque from Brain Technologies Corporation appreciation for two decades promotion and application of Brain Technologies tools and materials in Asia. She prides herself as an "Oscar Awardee" being the life partner of Dr. Oscar J. Tayko, who has distinguished himself as the "Coop Man of Cavite."

This book is excellent. In fact, it is super rich in reflections and insights which are very helpful to the practitioners or executives. It is the story of how C.L. Manabat & Co. - a highly successful business partnership- was established locally and grew to become a recognized member of the global business community. Detailed descriptions of key events and phases of the firm's development from conception to its status as a partner of a leading global professional services network are used by the author to highlight important concepts, principles, insights and lessons learned. The story is told in a way that invites the reader to be an active observer of the inner dynamics or life forces that drive organizational change. This book is a rich resource for executives as well as for any student of organization development.

George L. Dorros, Ph.D.
International Consultant, Organization Development & Change Management
Health Leadership and Management Development Specialist
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You may have come cross many books on success of a Businessman or an Organization, where the leader's dream, desire to succeed, and commitment may be the driving forces of success. "*Making it to the Big Four: A Journey of a Decade" is case study of C.L. Manabat & Co. (CLMC). It is a must read for people who are looking for the answer to "What it takes to survive and succeed beyond the normal elements where the whole system is dynamic, complex and interdependent". In this case study, the author has opened total new horizon and perspective on survival and success. It is a great case study for the students of Organization Development (OD).*

Bhumiphat Gilitwala
Director of Special MBA (Masters of Business Administration)
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MAKING IT TO THE BIG FOUR: A JOURNEY OF A DECADE offers a unique and penetrating insight of a Philippine start up that became part of the Deloitte Touché Tohmatsu global taxation audit and consulting powerhouse. This case study describes in intimate and unique detail a decade's professional journey of its founder Ms. Conchita L. Manabat. Amidst today's tales of corporate greed this book refreshingly describes how the firm's partners put their employees' welfare and professional growth ahead of the firm's short-term profit. Taking a long term view with commitment leads to success.

Dr. John A. Barnes
Program Director, Hospitality and Tourism Management PhD Program
ABAC Graduate School of Business, Assumption University of Thailand

"Making it to the BIG 4 provides an insider's view to how an organization can flourish in a competitive environment. Dr. Tayko has done a brilliant job of integrating the CLMC story with a backdrop of the industry, personal anecdotes of members of the organization, their business challenges, and presenting the narrative within a set of theoretical frameworks.

This is not a book that glosses over the challenges that CLMC faced on their journey. Instead, it shows how thoughtful leadership, inspired by shared values and informed by sensible business practices, can navigate their organizations through a complex and fast-changing landscape. Read this book if you want to learn about strategy, values, leadership, and practical theories, all within the context of a compelling storyline and more especially with her gorgeous poetry that's interspersed throughout the book."

Dr. Douglas O'Loughlin, PhD.
Principal Consultant
Singapore Civil Service College