

PwC Taiwan Chooses Influence over Being Nominally Biggest

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In recent years, three of the big accounting firms in Taiwan – KPMG, Deloitte and E&Y – have expanded through mergers and alliances. Only second-biggest PricewaterhouseCoopers Taiwan, in its over 30 years of existence, has continued to stand “firm as a rock”, never merging or changing its local name. PwC Taiwan Chairman Albert Hsueh says that, at a time when other firms use mergers to become larger, PwC Taiwan may not be able to become the largest accounting firm in Taiwan overnight, but it is certain to be the most influential and worthy of respect.

PwC Taiwan in recent years has been driven by a culture of quality and scrupulous risk management, with the result that it has kept clear of so-called “landmine stocks”—companies that implode due to financial fraud—while realizing average revenue growth of 15–20%. PwC Taiwan has partnered with companies such as WantWant China, Uni-President and Delta Networks in their successful overseas market listings, and has many times successfully cooperated with Taiwanese firms, helping them undertake international mergers and manage tax risk, and providing them consulting services on international accounting for alternative overseas listings (using American Depositary Receipts, for example).

Here are highlights from our interview with PwC Taiwan Chairman Albert Hsueh:

Q: What roles should accounting firms play, given the trend towards industry globalization?

A: An important function for CPAs is to serve as partners to globalizing corporations. Reviewing and certifying financial statements are the CPA firm’s legal obligation, nothing more—any CPA firm can do it. To create distinctive value, you must provide the professional services that globalizing corporations need.

In March of this year, PwC helped WantWant China delist in Singapore and transfer its listing to Hong Kong. As soon as we won the engagement, we gave the relevant teams two weeks to assess all the different problems that WantWant might face, and to put together proposed solutions. After we were sure the listing was doable, we presented our report to WantWant Chairman Tsai Eng Meng. The listing was accomplished in just 200 days, thanks primarily to rigorous thinking and PwC’s internationally integrated professional resources.

To assist corporations with their global deployment plans, one mustn’t stop at “green eyeshade” thinking, knowing only the tax or accounting questions: One must rise to the level of a corporate manager’s thinking, so no matter what the issue, you have thought of it before the client does. To help clients achieve their goals, one must be able to lead with authority, for only then can you help the owners solve all the difficulties they encounter.

Q: PwC Taiwan has seen some internal reorganization in recent years. What direction did they take and what were the results?

A: Integration has been very commonplace in Taiwan’s accounting industry. Looking at the Big Four firms, you find that PwC Taiwan is the only one that has not changed its local name. This shows how strongly cohesive we are, and it also means that the 15 to 20% average growth rate we achieved over the last three years came entirely from healthy internal growth.

Not having experienced any large mergers, PwC Taiwan’s goal was not to be Taiwan’s “biggest”. Rather, we hoped to become the most respected, most influential firm.

Our focus over the last several years has been on promoting a culture of quality, and frankly I don’t encourage “tax planning”. PwC Taiwan’s tax practice is instead geared towards tax risk management. Though there may be a 60% overlap between tax planning and tax risk management, corporations can lower their costs substantially if they just control external risks effectively, and they don’t really need to do tortuous tax planning.

Q: The pursuit of quality comes first at PwC Taiwan, so how do you ensure quality in your assurance practice?

A: I've required risk management to be implemented forcefully within the firm, so in the last three years we've avoided stepping on any "landmine stocks" in our assurance work. For CPAs, not signing off on such companies' statements is not a question of luck. Rather, it takes a systematic approach to the probabilities behind luck, one that lets your strengths shine through. Because we have an extremely robust early warning system, with the risk department issuing a risk bulletin every week on significant client information, stock disposals, stock warnings, and so on, it is absolutely unacceptable for us not to know that a client is in trouble until we read about it in the newspapers.

Q: What is your management philosophy?

A: Our CPA firm is organized as a professional partnership, and that increases the level of leadership difficulty. In my many years of observation, I've seen that even where there is a capable boss, dissenting voices will still be heard from this side or the other, but the important thing is to be sure to put the organization first every time. My principle is: "Believe in professionals and don't meddle." Getting colleagues to treat PwC Taiwan as their own family—that really is the key to the firm's success.

I tell myself: The baton can be passed at any time as long someone can be found that everyone approves of, because leaders can be changed, but the value of PwC Taiwan's culture, built around the pursuit of excellence, is irreplaceable.