

WASHINGTON SYCIP

Washington SyCip's family was a typical overseas Chinese family of the early twentieth century, although more fortunate than most. His grandfather had migrated to the Philippines from Fujian Province in China, joining the great movement of Chinese into Southeast Asia in the late 1800s. Albino Z. SyCip, his father, came of age during the early years of American rule in the Philippines and, through the good offices of the Methodist Church, studied law at the University of Michigan. Helen Bau, Albino's wife, hailed from a prosperous Chinese Presbyterian family in Shanghai. (Their publishing company, the Chinese Commercial Press, says SyCip, operated "the largest printing press in Asia" at the time.) Like Albino, young Helen also pursued a college education in the United States, studying music at Oberlin College. The couple met and courted aboard the steamship that bore them both slowly back to Asia. Afterwards, they made their life in the Philippines, but strong ties to China remained.

By the time Washington SyCip was born on 30 June 1921, his father had prospered in the law. Indeed, Albino was busy arguing a case before the United States Supreme Court at the time of his third son's birth. (Judicial decisions in the colony could be appealed, in those years, in the metropolitan power.) Elated over his victory there, he chose to name the new child after the capital of the United States—although SyCip likes to note that the boys in the family (David and Alexander preceded him) seem to have been named after a king, an emperor, and a president. Two sisters, Elizabeth and Paz, were born after the boys.

Bowing to the wishes of his maternal grandmother, his parents took Washington to Shanghai to live in her household, where he thrived for five years under the loving care of his maternal relatives. He learned to speak Shanghainese, a language he can still speak a little of today. His mother visited frequently from Manila and, as the time for his formal schooling approached, she brought him back to the Philippines.

By this time, Albino SyCip had branched out from the law and, with some other ethnic Chinese-Filipinos, established the China Banking Corporation, or China Bank, one of the earliest domestic banks in the colony. (The leading banks at the time were either American, British, or dominated by Spanish mestizos.) China Bank flourished in part by facilitating financial transactions between the

Philippines and China. By the late 1930s, it had established branches in both Amoy and Shanghai.

In the Philippines, however, Albino SyCip eschewed the confines of Chinatown and established his family in the suburb of Santa Mesa. Moreover, in the home, English was the common medium of communication, being the language in which Albino and Helen first communicated—their dialects, Hokkien (Fujianese) and Shanghainese, were mutually unintelligible—as well as the language of public education. Albino SyCip insisted that his children be educated not in the Chinese-language schools preferred by many Manila Chinese nor in the private academies preferred by elite Filipinos, but in the American colony's public schools. And so, from the almost purely Chinese milieu of his grandmother's home in Shanghai, in 1927, young Washington plunged into the classrooms of Burgos Elementary School, where most of his classmates were ethnic Filipinos and the language of instruction was English.

At his father's insistence, Washington and his brothers walked to school (or rode the trolley buses) instead of being transported in the family's automobile, a luxury uncommon among their fellow students. In this way, Albino SyCip acculturated his children to the society in which they were to make their lives. Although links to China were kept fresh through yearly vacations to Shanghai and Chinese lessons after school, the SyCip children were raised as Filipinos.

The time of Washington SyCip's schooling were years in which anti-Chinese sentiments were strong—and sometimes virulent—among ethnic Filipinos. Tellingly, SyCip recalls that, “We didn't experience any of that. There was no sense, in our case, of any racial problem.”

SyCip is all praises for the public schools of his youth and the Americans who taught in them, alongside Filipino teachers. The teachers he remembers best from his own school days were Americans. The efforts of such teachers, who often worked in rural areas and were in intimate contact with ordinary Filipinos, would explain the friendly feelings that Filipinos held toward Americans despite the fact that the U.S. government seized the islands following the Spanish-American War. (In no other Southeast Asian colony, he notes, did colonial subjects fight side-by-side with their colonial masters against the Japanese in World War II.)

The standard of instruction in the colonial public schools was high. A bright boy, SyCip sped through Burgos Elementary School, completing seven years of learning in just five and a half. He then proceeded to Mapa High School, where he excelled in physics and mathematics. Diligent and ambitious, SyCip was not distracted by organized sports. He also eluded his mother's attempts to have him take piano lessons. He kept himself busy studying and reading. When he graduated in 1936 at the age of fifteen, he was named valedictorian of his class.

In the SyCip household, the Confucian tradition was strong, but it was rarely mentioned consciously. Buddhism and Daoism, the other traditional elements of Chinese religion, were wholly absent, as both of SyCip's parents were Christian. Albino SyCip's favorite maxim was from the Bible: "Do unto others as you would have them do unto you." SyCip remembers that his father printed thousands of tracts propagating the Golden Rule to distribute to clients and friends.

The SyCip children went to church occasionally with their mother, but Albino SyCip preferred the golf course and was famous for saying that on Sunday, it was better to be on the golf course thinking of God than in church thinking of the golf course. "You might say," SyCip concludes, reflecting on his upbringing, "that we were Christians, but that we were not church-going Christians."

Both parents were highly educated and promoted academic excellence. (In his day, Albino SyCip had scored highest on the bar examinations.) And where moral principles were concerned, the elder SyCip, says Washington, "was always very, very strong: 'You have to do what is right.'"

Being named valedictorian of his high school graduating class earned young Washington a scholarship to the University of the Philippines, where he had already determined he would take up accounting. But SyCip found the university's business school "very weak" and after just one semester, he entered the Catholic University of Santo Tomas (UST) where "a well-known American," Stanley Prescott, was dean of the business school. By taking an overload of courses each term and going to summer school, SyCip managed to complete his Bachelor of Science degree in two and a half years, graduating *summa cum laude*. Once again he was at the head of his class. "All told," he says, reflecting on the speed of his early education, "I was three years ahead when I finished college."

SyCip took the CPA (Certified Public Accountant) examination and embarked upon a master's degree at UST while he awaited the test results. Meanwhile, Dean Prescott recruited him to teach. His class was made up of seniors. Appearing before them for the first time wearing his coat and tie, he discovered that they were all older than he was. When his CPA results at last arrived and he had passed, he learned that by law accountants had to be at least twenty-one years old to be licensed. He was shy of the requirement by two full years.

SyCip approached his father about the idea of going to the United States for a graduate degree. He was reasonably optimistic since his older brother David had already done so. Besides, as SyCip explains now, "My father's policy was always this: whatever amount he had to spend on education—no question." Albino SyCip agreed to his son's request and Washington immediately chose Columbia University. Roy Kester, a famous professor and author of several accounting books, was on the faculty there.

It was 1941 when SyCip boarded the steamship that took him from Manila to Shanghai and from there to Kobe, Yokohama, Honolulu, and finally to California, a trip of twenty-three days. In San Francisco, he boarded a train that took him across North America to New York City. By this time, SyCip's brother David had finished his course at the Colorado School of Mines and taken a job in New York. His apartment was located on 114th Street near Columbia University. SyCip moved in with him straightaway and commenced his studies for a doctorate. Some time later, when David was transferred to Staten Island, SyCip moved to John Jay Hall, a dormitory at the university.

To cover his expenses, he drew upon a letter of credit established for him by his father through the good offices of Hiram Matthews, a friend of Albino's and the head of international operations at the Irving Trust Company. The senior SyCip had instructed his son to draw upon the funds as he needed them, rather than providing him with a fixed monthly allowance. "That way," says SyCip; "you became careful with your money. Had he given us so much per month, we would almost have felt that we had the right to spend it all."

By all accounts, Washington lived frugally, surveying the local grocery stores for the cheapest prices and subsisting for days on end eating chicken-and-potato salad—according to brother David, the only dish he knew how to make.

Much in America was new to SyCip. In the cafeteria at Columbia, he ordered buttermilk and, never having experienced its sour taste before, complained to the staff that it was spoiled. Lunching with Hiram Matthews, he confronted soft-shelled crabs. Somewhat at a loss, he watched as Matthews proceeded to eat "the whole thing" and did likewise. He also learned something about American race relations. One of his classmates in the Ph.D. program was a black man who had already acquired a master's degree in business administration (MBA) from Harvard University. This man, SyCip learned, "couldn't even get a job as a bookkeeper." In department stores, he noticed, blacks performed only the most menial jobs and never appeared as sales clerks. (Some years later SyCip lived for several months in Virginia, where racial segregation was even more pronounced. There, he says, black citizens were expected to clear the sidewalks for whites and none were permitted to enter the town's lone movie theater.) Prejudice toward Asians was much less noticeable. Still, when one of SyCip's professors hired him to help out with his private auditing firm—as usual, SyCip had topped the class—he said frankly that he would have to ask his clients ahead of time if sending an Asian would be all right.

SyCip applied himself assiduously to his classes and moved quickly toward his degree. Indeed, he had fulfilled all the requirements except his dissertation when World War II interrupted his plans. News of the 7 December 1941 Japanese attack on Hawaii

and the Philippines reached him as he sat studying in Columbia's library. The Japanese occupied Manila in January 1942, and by May the entire territory of the Philippine Islands lay in their hands. News from home was slow to leak out. In time, SyCip learned that his father had been imprisoned; an article appearing in *Readers' Digest* even reported that Albino SyCip had been killed. SyCip did what he could to track down the truth of this shocking report. When the author admitted that he had merely "been told" of the elder SyCip's death, Washington permitted himself a glimmer of hope. "I knew he was in prison," he remembers now, "but as to whether he was alive or not, during that time I didn't know."

SyCip now reevaluated his plans. A doctoral degree, he rationalized, was useful primarily to someone who wished to teach. Although he enjoyed teaching, he already knew that his true vocation lay in the *practice* of his profession. Moreover, considering the catastrophe at home and his father's uncertain fate, he yearned to *do* something. In late 1942, SyCip left the university and enlisted in the United States Army. Among the many consequences of this act, some months later, was that Washington SyCip became a naturalized American citizen.

The United States was then training two regiments in preparation for the liberation of the Philippine Islands from Japan. SyCip was assigned to the Second Philippine Regiment and sent to Camp Cook in California for infantry training. Had he remained with the regiment, SyCip would in all probability have participated in the subsequent American counterattack in the islands. However, at this point SyCip was recruited by the army to join a special language-training program in Denver, Colorado—eights months of eating and breathing Japanese—followed by a course in cryptography at an estate in the Virginia countryside. SyCip's knowledge of Chinese and his academic acumen made him a pacesetter in language school. As for cryptography, SyCip says that "in many ways, code work is very much like auditing. You look for clues." He was soon adept at the valuable skill of code breaking.

Ready now for his first active assignment, SyCip traveled via Australia to the west coast of India; from Bombay he took the train to Calcutta. Here the US army had established an intelligence section adjacent to the headquarters of the British Fourteenth Army under Admiral Lord Louis Mountbatten, Allied Commander for the China-Burma-India theater. Staff Sergeant SyCip joined a team of code breakers whose main assignment was to intercept and decipher the radio messages of the Japanese air force operating in and around Burma. Each day brought a new set of puzzles to be solved. Much of the information gleaned was contextual, even trivial ("lieutenant so-and-so has malaria and is being sent back to camp"), but when combined with information from other sources, it helped the Allies to anticipate the enemy's actions and to estimate its local

strength. Occasionally, fast code breaking permitted the Allies to thwart a Japanese bombing raid.

SyCip enjoyed the work. It was intellectually rigorous and exciting. From time to time, his team made use of primitive IBM computers in New Delhi. Camaraderie among the code breakers was strong, with the British and American teams sharing information as well as beer and scotch. Moreover, as SyCip frankly admits, the work was relatively safe. The United States did not want Japan to learn of its success in deciphering the Japanese codes. SyCip was therefore obliged to sign a document pledging that he would not permit himself to be flown over enemy territory.

SyCip declined the opportunity for officer's training. In his line of work, rank had no special meaning; code breaking was essentially egalitarian. In addition, becoming an officer entailed a longer enlistment. SyCip was eager to return home and resume his civilian life the moment the war was over, and by 1944 it was clear that the fortunes of Japan's Greater East Asia Co-Prosperity Sphere were waning. The American assault on the Philippines began in October of that year, and by March 1945 Manila was liberated. SyCip had alerted friends who might accompany the American forces to seek word of his family if and when they reached Manila. Bill Irish, a classmate from army language school, was able to locate the SyCips and confirm via the army mail system that Washington's father was still alive, although frail.

Yet another advantage of wartime code work, as SyCip had astutely anticipated, was that once hostilities came to an end the skill of code breaking would immediately become useless. Shortly after V-J Day, therefore, SyCip and his team were instructed to forget or forever keep to themselves the secrets of their wartime enterprise and were promptly mustered out of the army. (To SyCip's amusement, several of these "secrets" were published in Indian newspapers just a week or two after the armistice.) SyCip had hoped to travel directly from India to the Philippines. Instead, the army shipped him in the opposite direction, via the Suez Canal and the Mediterranean. In New Jersey, he formally took leave of the army. He then took the train once more across the United States and boarded a passenger ship bound for home. A devastated Manila awaited him.

Bombing and artillery fire in the final days of the war had reduced SyCip's home city to a pile of rubble. Without Manila's familiar landmarks to guide him, SyCip felt at a loss finding his way about town. Reunited with his family, he learned that his father had spent the war years in jail and that the Japanese had liquidated his bank, the China Banking Corporation. The rest of the family had been forced from their home into a cottage nearby. Reclaiming the old house after the last battle, they found that silverware hidden in the attic had providentially survived the war years undetected.

As Albino SyCip now went about rebuilding his bank, “working night and day attending to small customers,” as SyCip recalls it, SyCip himself launched his own accounting practice. His brother Alexander, now a lawyer, had spent the war years in Manila and had secured a position managing the Trade and Commerce Building, one of the few office buildings left standing in the city. This is where SyCip began: “I got a small room there. I hung out my shingle and started with a small desk for a secretary/clerk. I became the senior partner and the janitor at the same time.”

W. SyCip & Company’s first client was the Trade and Commerce Building itself. As he made his way around the building collecting rent, SyCip became familiar with the other tenants; some, who needed bookkeeping and other accounting services, became his clients. He began to take on some of his brother Alex’s legal clients as well. SyCip’s father, of course, was a big figure in the local business world and this counted mightily. “His principles would never permit him to tell a client of the bank to come and see me,” says SyCip. “No, he would never do that. But the fact that he had such a good reputation in the community meant that I didn’t have to prove myself.” SyCip quickly expanded his staff to three and took on a partner, Vicente O. Jose, to handle tax work.

In order to retain his status as a naturalized American citizen, SyCip was required to undergo a period of residency in the United States. By 1947, this could no longer be postponed. SyCip prepared for his absence from Manila by inviting his boyhood friend and fellow accountant, Alfredo W. Velayo, to join the firm and look after it while he was away. SyCip and Velayo had attended school together, from Burgos Elementary School through the University of Santo Tomas. Velayo had practiced accounting in Manila during the war years and, in 1946, he and SyCip met in San Francisco just as SyCip was returning to the Philippines. SyCip broached the subject of a business partnership at the time but, as Velayo was just embarking on a master’s degree in the United States, the plans were postponed. Now, however, Fred Velayo returned to the Philippines to take control of the practice in SyCip’s absence. The firm became SyCip, Velayo, Jose and Company.

SyCip’s return to the United States afforded an opportunity to complete his Ph.D. From time to time, he was encouraged to do so by deans from Columbia. But SyCip chose instead to accept a one-semester teaching position at William and Mary College in Williamsburg, Virginia. He returned home in 1948 to rejoin his company and, as it happened, to be married. His bride was Anna Yu, the daughter of a family friend. Anna’s father and Albino SyCip had been in prison together during the war. Washington had recently visited Anna in Northampton, Massachusetts, where she was attending Smith College. Late in 1948, when Anna rushed home to attend her mother’s funeral, she and Washington decided to marry. Chinese

custom dictated that one must either celebrate the marriage rites within one month of a parent's death or wait at least a year. They seized the moment and were married on 27 November 1948. Victoria, their first child, was born in 1950; George Edwin and Robert Raymond followed in 1956 and 1958, respectively.

"Those early years of accounting practice were the toughest in our lives," remembers Alfredo "Fred" Velayo. The firm had grown to ten or more employees by the late 1940s and now shared offices in the Trade and Commerce Building with SyCip's brothers Alex, who was practicing law, and David, who was starting an import-export business. To make ends meet, SyCip and Velayo taught classes nightly at the University of the East. In the office, the accounting group worked seven days a week. "For many years," writes Erlinda Villanueva, who joined the firm as a junior auditor in 1950, "the only holiday we took during the year was New Year's Day and audit staff did not even have that. Christmas was considered a full working day." Truly, SyCip ran a tight ship. But on working "holidays" he and Velayo brewed coffee for everyone, and SyCip would treat the entire staff to lunch at a nearby restaurant. For years, too, Christmas Day ended with a staff party at SyCip's home; group outings marked the company's anniversary day. On payday, SyCip or Velayo would call each employee into the private office they shared—the only one in the firm—and, sitting face to face, count out their wages. Says Villanueva, "We were like one happy, close-knit family."

In those days, European and American firms dominated the accounting business in Manila and handled most foreign-owned companies. Some of these companies had been operating in the Philippines since the early twentieth century. Often they were subsidiaries of larger firms abroad and, typically, their senior partners were all white. (This was the case in Western accounting firms throughout Asia.) After political independence, when Filipinos were sometimes invited to join such firms, they were often used as "fronts" for what were still essentially European operations. Clerks, secretaries, bookkeepers, and staff accountants in these companies were, however, Filipino.

For SyCip and his partners, these entrenched foreign companies represented both an affront and stiff competition. SyCip, therefore, remembers with pride his first American client. The manager of Connell Brothers, the Philippine subsidiary of the California-based firm that imported Carnation Milk products, became frustrated with the slow service he was getting from Fleming and Williamson, the largest of the expatriate accounting firms. Bucking the advice of his superiors in the United States, the manager insisted on switching to SyCip's Filipino group. Others soon followed and SyCip's business grew accordingly.

SyCip accepted the new clients gladly and pondered the weaknesses of his competitors. He asked himself: How can such compa-

nies hire good Filipino staff members, whom, practically speaking, they depend upon, if there is no hope of their rising in the company? At the same time, he observed a similar kind of flaw in many Filipino firms: the habit of reserving leadership exclusively for members of the founding family. The best young talents, he felt, would naturally spurn both sorts of firms in favor of one in which merit is fairly rewarded. His company, he determined, would be such a company.

The best young talents—drawing them into his company, developing their skills, and “moving them up” became the keys to SyCip’s success. By teaching in the local colleges, SyCip and Velayo were well positioned to identify bright young students. They made it a practice to hire the top students even before they had passed the CPA examination. Moreover, their firm’s merit system soon made it the company of choice for aspiring young accountants. It grew rapidly and, in the 1950s, overtook and eventually absorbed its major competitors. In 1953, when the managing partner of the Scottish firm Henry Hunter Bayne and Company announced his retirement, SyCip and Velayo approached the senior Filipino partner, Ramon J. Gorres, about joining forces. By this time, SyCip’s firm was already three times larger than Henry Hunter Bayne and Company. Gorres readily agreed and the firm thus took on the name by which it is now internationally known: SyCip, Gorres, Velayo and Company.

After the merger, SyCip began exploiting the firm’s new initials, SGV, to give it an easily recognizable “brand” name. After all, he pointed out, “many people don’t know what IBM stands for, except for computers. People think of them as IBM.” In the same way, he hoped, SGV would become the byword for accounting services. With the new logo came a new home. By the mid-1950s, SyCip’s team had completely outgrown its office space in the Trade and Commerce Building. In early 1956, the company moved from the old business quarter of Binondo to a new building of its own located on a large tree-shaded commercial street bordering Manila’s huge Rizal Park. Alas, SGV outgrew its two stories in less than a year; first one extra floor, then another, had to be added.

Another important merger in 1958 marked the final triumph of SGV over its longtime rival, Fleming and Williamson. SyCip’s company had long since overtaken the old British firm, in part by capturing many of its former clients. Despite the rivalry, however, SyCip was on friendly terms with the firm’s partners. When Fleming and Williamson decided to close shop in the Philippines, they asked SyCip if SGV would like to take over their practice. The two companies came to a quick agreement, although SyCip balked at taking in all of Fleming and Williamson’s employees because, says SyCip, “We felt that many of them did not come up to our standards.”

Early on, SyCip discerned that even the brightest young accountants needed additional training to be truly effective in a competi-

tive professional environment. Whereas British firms such as Fleming and Williamson relied on the traditional apprenticeship system to provide this, SyCip was a firm believer in formal training. As his company grew, he instituted training programs to sharpen his employees' skills and to keep them abreast of changes in the law, technology, and the business climate. SyCip expresses his philosophy in an accountant's terms. "To my mind," he says, "every person, when he comes to us, should possess quite a lot of assets. But he will also have certain liabilities. We feel that by continuous training we can increase his assets and cut down his liabilities, and thus increase his net worth."

In the early years, SyCip and Velayo themselves organized and led many of the in-house training sessions, which were conducted at night or over the weekends. In time, of course, other members of the firm took on this important work and, following the lead of the American firm of Arthur Andersen and Company, full-time training was eventually incorporated into the regular schedule of employees at SGV. The new building just off the Luneta was equipped with classrooms and a library. Indeed, by the mid-1950s, "training" was the watchword at SGV and involved not only staff members but, on occasion, also their spouses. As young male members of the firm began to show promise, their wives were invited in for instruction in the social graces.

This particular need arose, observes SyCip, from the fact that many of his young employees were not of the country's monied classes, an inevitable byproduct of SGV's commitment to hire and promote employees strictly on the basis of merit. Just as inevitable, however, was the fact that employees with foreign degrees—and especially, by the 1950s, employees with MBAs—would rise faster in the company and eventually command the leadership positions. Such degrees were expensive and SyCip was personally very much aware of his own good fortune in having had a father who could provide such a luxury. In the Philippines, he knew, many were bright but poor. He thought, "I don't want just the rich people to be running our firm."

In 1955, therefore, SyCip inaugurated one of his most farsighted innovations. Each year, at company expense, one employee would be sent to the United States for an MBA degree. In time, as the company grew and prospered, the number of SGV-sponsored scholars grew. By the early 1970s, four were being sent abroad yearly and more than a dozen others were sponsored in local institutions. As SyCip accurately foresaw, many future SGV partners and firm leaders emerged from this group.

Why, one might ask, is a degree in management so important to an accounting firm? After all, SGV's basic business was auditing. The answer lies in a prophetic article written by SyCip in 1962. "The auditor in a developing country," he wrote, "has to be prepared to do much more than audit if he is to contribute his share towards the

improvement of the economy.” The business climate of Southeast Asia was changing rapidly. New enterprises were proliferating, especially industrial enterprises. More and more of them were publicly-held corporations (supplanting traditional family firms) and managed by professional managers. At the same time, government was subjecting companies to an increasingly complex body of regulations.

As SyCip astutely perceived, auditors were in a unique position to assist the emerging companies in explaining government regulations and filing the proper papers with the central bank, the tax authorities, and the securities and exchange commission; designing and installing mechanized auditing systems; preparing accounting manuals; developing cost systems; strengthening internal control procedures; rationalizing job descriptions and compensation levels; and conducting feasibility studies for new ventures. Moreover, as SyCip wrote, “An auditing firm in close touch with its clients and the business community can . . . be of great help in bringing together companies and persons with available funds and entrepreneurs seeking equity capital.” This included “introducing foreign investors to compatible domestic entrepreneurs.”

Two concrete initiatives of the mid-1950s illustrate the direction of SyCip’s thinking. The first was the establishment of formal ties between SGV and American auditing and consulting firms which brought in new business and helped SGV identify potential foreign investors. The second was the establishment in 1956 of a Management Services Division to handle SGV’s own growing business in consulting. By offering a wide range of services in addition to formal auditing, SyCip moved to place SGV at the very heart of postwar Philippine business and to prosper by meeting its needs. The company grew rapidly, absorbing new talent and offering unparalleled opportunities to learn on the job and move up in the company; between 1954 and 1970, thirty-three new partners and principals were added—the vast majority rising from the ranks—and the total number of SGV employees grew to over thirteen hundred.

The same period was marked by other signs of expansion. SGV rapidly outgrew its building by Rizal Park and moved again to a new fourteen-story office tower in the burgeoning business district of Makati, its headquarters until now. SyCip also expanded SGV beyond the confines of Manila. Already by 1960, regional offices had been established in the cities of Cebu, Bacolod, and Davao. But in 1962, SyCip made the bolder decision to establish SGV outside the Philippines. This move was prompted, he says, by a chance encounter. Returning to the Philippines from Japan, SyCip stopped over in Taipei where an old American friend hosted a dinner for him, with C. K. Yen, Taiwan’s finance minister, as a guest. Taiwan was eager to attract foreign investment, said Yen, but it was hampered by the lack of a local auditing firm with international credibility. “Can you assist us?” Yen asked. The next day SyCip met with T. N. Soong, a

local accountant with a reputation for the strictest integrity and, as it happens, a fellow alumnus of Columbia University. After mulling things over, SyCip proposed a partnership in which SGV would assist Soong in expanding his struggling company and bringing it up to SGV standards. When Soong agreed, SyCip dispatched one of the company partners to join Soong in Taiwan and began training Soong's staff at SGV headquarters in Manila. Organizationally, the new partnership was expressed in two separate firms: T. N. Soong and Company, an accounting firm that, although affiliated with SGV, had by law to be wholly Taiwan-owned, and SGV-Soong and Company, a management consulting firm. In the mid-1960s, when American investments began pouring into Taiwan, SGV's reputation helped secure for the Soong and SGV companies a lion's share of the new business.

This successful expansion led SyCip to contemplate creating a regionwide web of companies flying the SGV flag and, through the now-proven strategies of first-rate employee training and merit advancement, offering "SGV-quality" service uniformly throughout Asia. In Thailand, he approached Yukta Na Thalang, a pioneer in that country's modern accounting education who had been educated in the Philippines before the war. Yukta liked SyCip's regional concept and saw the advantages to his already successful company of greater exposure to international accounting practices. SGV-Na Thalang was formed in 1968. Later in the same year, SyCip persuaded Utomo Josodirdjo, a Dutch-trained Indonesian accountant, to create the Jakarta-based SGV-Utomo and Company and its accounting and tax service partner, Drs. Utomo Mulia and Company. In 1970, two more regional affiliates were added: SGV-Kassim Chan and Company in Malaysia and SGV-Goh Pte. (and its accounting partner Goh, Tan, Foo, and Kon) in Singapore. In 1971 came SGV-Thuan and Company, in South Vietnam.

SyCip's strategy was the same with each new affiliate. On the one hand, all SGV affiliates were headed by local individuals. SyCip insisted that "the local man must run the operation" and, moreover, that the familiarity of local staff members with the country's culture, history, economy, and political system be fully relied upon. On the other hand, SGV partners from the Philippines were assigned to each new affiliate to work side-by-side with their Thai, Indonesian, and Malaysian colleagues. SyCip insisted, as his partner Velayo later related, that "only the very best of our partners and staff should be sent abroad." Meanwhile, employees of the affiliated firms were sent to Manila for SGV training, or to the business schools of North America. (Utomo Josodirdjo, who had been trained in European accounting methods, was sponsored at Harvard University by SGV in order to familiarize him with American practices; others attended Stanford, Columbia, Northwestern, and New York Universities.) Although each member firm was fully autonomous under its managing director in its day-to-day operations, SyCip chaired an executive

committee that included all the managing partners to establish broad policy guidelines and to chart the Group's course. Meanwhile, in Manila, a Group Office monitored each member's practices and conducted internal performance audits in order to achieve a uniform standard of excellence within the consortium.

SyCip used his contacts among international firms to swing business in the direction of its regional affiliates, and this helped them grow. But he insisted that each member firm prioritize its work for local companies. Since he believed that domestic firms, rather than foreign ones, would inevitably come to dominate the Asian national economies, he also believed that accounting and consulting firms that concentrated on local businesses were certain to succeed. Acting on this principle, he says, "we easily became the number one firm." By 1971, the SGV Group had become the largest professional company in Southeast Asia.

In the midst of this remarkable period of expansion, Washington SyCip remained focused on the problem of educating young Filipinos for business. Sponsoring a few students each year for their MBAs abroad did not begin to meet the rising demand and need for graduate business education. Besides, why should the country's precious dollars be spent in North America to acquire something that could be done just as well in Asia—with Asian students learning from Asian professors using Asian materials?

At the suggestion of Ramon del Rosario, Sr., president of Filoil Refining Company, a group of Harvard professors led by Stephen Fuller had been conducting a number of management programs in the Philippine mountain town of Baguio. Together with this group, SyCip began to float the idea of establishing a full-fledged graduate school of business in the Philippines. They proposed that Philippine schools with nascent business programs—at the time, Ateneo de Manila and De La Salle Universities and the University of the Philippines—pool their limited resources to create a single superior institute. The Ford Foundation funded a trial program involving the three schools and, subsequently, SGV itself donated a feasibility study. SyCip untiringly promoted the idea among Filipino leaders. Although the University of the Philippines withdrew from the plan, the two other schools finally agreed in 1968 to abandon their separate master's degree programs to form a single graduate school of business.

To his evident surprise, SyCip was invited by the project's steering committee to chair the new school's board of trustees. (He was in Indonesia at the time and says, "I needed another job like a hole in the head. But it was something I thought was important.") SyCip suggested, however, that the proposed Philippine Institute of Management be named instead the Asian Institute of Management, or AIM. Not only did this have a nice ring to it (somewhat like SGV, he notes), it also reflected his view that the new school should strive to be a regionwide institution—much like his company. He also suggested

that it be guided not only by a Filipino board of trustees but also by a board of governors drawn from throughout Asia. When the steering committee agreed to these ideas, SyCip agreed to serve as chair—a position he holds to this day. AIM opened its doors to students in 1968 under the immediate leadership of Stephen Fuller, who became founding dean and president. Two years later, the institute moved to a new modern campus in Makati, not far from the SGV Building.

SyCip's interest in AIM was driven in part by the concrete needs of business, including his own. It was more practical to train Asian managers in Asia than in the West and, because a local school was also cheaper, many more students could avail of the opportunity. But during the same period, SyCip took other initiatives that reflected his sense of the broader social responsibilities of the business sector.

In 1966, SGV established the SGV Foundation. Endowed directly by the firm and its individual partners, the foundation was dedicated to fostering "the advancement of industrial and management sciences in the Philippines" through grants, scholarships, and other kinds of financial aid. Among its early endeavors was the establishment of scholarships for needy students and two professorial chairs in management science, one at the University of the Philippines, the other at the Asian Institute of Management. In 1970, SyCip also led SGV to become one of the founding member firms of the Philippine Business for Social Progress (PBSP), a consortium of large Philippine companies dedicated to supporting socially effective projects. And in 1971, on the occasion of the firm's twenty-fifth anniversary, SyCip launched the SGV Professional/Social Involvement Program, through which the company donates professional services to nongovernmental organizations (NGOs) devoted to civic affairs and social problems.

By 1970, both Ramon Gorres and Alfredo Velayo had retired. Of the founding SGV partners, SyCip alone remained. In 1972, he relinquished his responsibilities as managing partner of the Philippine firm to two other partners, Roberto V. Ongpin and Rodolfo B. Jacob, and became chairman of the SGV Group. As such, he proceeded to lead the company through yet another period of rapid growth. In the decade that followed, the SGV Group grew at the average rate of 220 employees a year and expanded into Hong Kong, Korea, Saudi Arabia, Brunei, and Sri Lanka. (In 1975, however, when the government of South Vietnam fell, it lost its office in Saigon.) In 1977, the SGV Group established a liaison office in Washington, DC.

At the same time, the firm diversified. For clients such as the World Bank, the United Nations Development Program, and the Asian Development Bank, SGV experts assisted in projects on urban housing, sewerage, wharves, irrigation, fish farms, credit institutions, and a wide range of other development-related enterprises. Some of these, like the 1976 South Nyanza Sugar Project in Kenya, were

quite far afield. In 1978, a second SGV building rose in Makati to house the company's Development Center and a new Institute in Advanced Computer Technology (for computer training) established by SGV in affiliation with the Control Data Corporation of the United States.

In 1985, the Philippine, Thai, Indonesian, and Taiwanese member firms of the SGV Group affiliated themselves with Arthur Andersen and Company, Société Coopérative (AASC), thus taking the final step in internationalizing their operations. Because of its superior position in Asia, SGV had long been courted by international accounting firms; it was already representing many of them. When the Andersen proposal arose, SyCip left the matter up to the managing partners, but he favored the move. SyCip's ties with Arthur Andersen reached back to the 1950s when the training programs of the American company first attracted his attention and became models for SGV. By the 1980s, SGV had achieved a paramount position among Asian firms and led the field in auditing. In the current climate of globalization, however, SyCip feared that SGV's weakness in computerization—relative to standards in the West—would eventually weaken its overall competitiveness. The firm's association with Arthur Andersen would enable it to upgrade its computer operations quickly and take advantage of Andersen's "ahead-of-the-curve" training, which was still, in SyCip's view, the state of the art. (Although several member firms agreed, SGV's Singapore and Malaysian affiliates chose to affiliate instead with Deloitte, a competing group based in the United Kingdom.) The new affiliation placed the SGV Group within a web of some thirty thousand professionals linked worldwide, operating in fifty countries. As for Arthur Andersen, Fred J. Brinkman, the managing partner for Asia, said, "We estimate that our association with SGV has put us at least a quarter-century ahead of the other Western-based firms in meeting the needs of national and multinational clients in East Asia."

SyCip's commitment to the internationalization of his company reflects his own ever-widening web of activities. Many of these were personally profitable and reflect his growing personal stature as an expert on Asian business. He became an adviser to AT&T, Henkel KG, Tandem Computers, and several other firms in Australia and Japan; he joined the international advisory boards of Chemical Bank, United Technologies Corporation, Caterpillar Tractor Company, and the American International Group (AIG). But SyCip also worked assiduously in the field of education. He joined the board of overseers of Columbia University Graduate School of Business, his alma mater—which then granted him a degree in Master of Science in Commerce, in lieu of the Ph.D. he never completed because of World War II. Later, in 1983, he joined the board of the Joseph H. Lauder Institute of Management and International Studies at the University of Pennsylvania. The Institute, he says (referring to the

university's renowned graduate school of business), is "a sort of super-Wharton" that prepares future managers to operate effectively in a language and culture other than their own, to "think not only regionally but globally."

In the early 1980s, the Institut European d'Administration des Affaires (INSEAD, also known as the European Institute of Business Administration), based in Fontainebleau, France—the largest educational institution in Europe specializing in international management—asked SyCip to help them set up a Euro-Asian Centre to ensure that "Europe doesn't lose touch with East Asia." SyCip recruited twenty-five companies from Asia to participate in the undertaking and served as the center's founding chairman from 1981 to 1988. From 1982 to 1985, he also served as president of the International Federation of Accountants, another organization he helped to found. He was its third president.

Activities such as these have kept SyCip away from home more than half of every year for the past many years. His links through the SGV Group, Arthur Andersen, various boards, and professional organizations (he belongs to over a dozen, from the Asia Society in New York to the Chinese Heritage Centre in Singapore) make him one of the best connected Asians in the world today, prompting *Fortune* magazine to call him "the leading legitimate fixer in the Pacific Rim." Although adept at public speaking, Wash—as he is known to friends around the world—prefers to work behind the scenes, through private conversations. Roberto Villanueva, his longtime friend and associate, describes his presence this way: "He is like a computer with a built-in memory bank. The current facts and figures are always at his fingertips and this creates a tremendous impression. He never exaggerates nor does he tend to overdramatize or oversell. He presents the facts logically and convincingly, and what he has to say usually makes sense to businessmen."

Among Filipino business executives, SyCip is esteemed for his perseverance and effectiveness in fostering international investment in the Philippines, placing his considerable personal credibility on the line, quietly and without fanfare, to draw capital and enterprise to his sometimes beleaguered homeland. Indeed, when SyCip drew up a creed for SGV in 1966, he stated as "the first belief" that the company's endeavors must be beneficial to the long-range interests of the Philippines. SyCip has been especially concerned to present the Philippines in a positive light. As another close associate, the late Jose B. Fernandez, Jr., once wrote about SyCip, "whenever an idea seemed useful and likely to bridge some of the gaps of understanding between the Philippines and the outside world, hardly ever did I see either effort or money spared to mobilize the resources of his organization to provide the links."

A famous example concerns negotiations in 1961 surrounding the establishment of the Private Development Corporation of the Phil-

ippines (PDCP). Such a bank was needed so that funds from the World Bank and International Monetary Fund could be channeled to the Philippine private sector. SyCip was asked to serve as a consultant to the project, which was spearheaded in the Philippines by Francisco Ortigas, Jr. The process was fraught with bureaucratic complications and, during critical meetings in Washington, D.C. with the World Bank, the U. S. Agency for International Development, and the International Finance Committee, the negotiations deadlocked. SyCip is credited with working behind the scenes, using his private contacts in Washington, to achieve a breakthrough in favor of the Philippine delegation. However, when the Filipino team returned home with financial commitments from the three big lenders, the PDCP still needed to raise matching funds to launch the new bank. As the deadline approached, SyCip made a last-minute appeal to friends in the business community, which helped save the day.

SyCip is also known as an extremely effective helmsman, one reason that his fellow trustees at the Asian Institute of Management have insisted that he remain chair for the entire twenty-five years of the school's existence. Although he has been assisted from time to time by co-chairpersons, he has never been replaced.

SyCip's reputation as the consummate insider has generated criticism, of course, as has the sheer size and influence of SGV within the Philippines. For many years, SGV has serviced the vast majority of the country's largest and most powerful companies, giving its partners unparalleled insight into the inner workings and prospects of the economy. Moreover, former SGV people now occupy senior positions in several Philippine companies and many have served as cabinet secretaries and leading technocrats in the Philippine government, including the martial law regime of dictator Ferdinand Marcos. However, these are technocrats who served honestly, SyCip hastens to point out, not the notorious "cronies." Observing this phenomenon, his critics say that an "SGV mafia" has infiltrated the heights of the country's business sector and government.

In response to this charge, SyCip notes simply that SGV is one of the few organizations in the Philippines that trains people well for senior management. Naturally, his employees are in demand as executives in other companies and in government. He is happy to see his protégés rise. (As a safeguard, those who join government may not rejoin the firm afterwards, but they receive their SGV pensions, which, SyCip explains, is SGV's way of compensating them for assuming the financial sacrifice of government service.) SyCip also points out that because SGV is a partnership, not a corporation, power within the company is highly decentralized; the work of the partners is compartmentalized, as is access to information. There is teamwork, of course, but no conspiracy. SyCip is unapologetic about SGV's strong position today. It is nothing more than the natural and

proper consequence of the superior quality of his company's services, achieved through honest competition in the marketplace.

For SyCip is an unabashed capitalist. Business, in his view, is a high calling. But he also believes, as his father did, that capitalists have important social responsibilities, and being generous with one's wealth and resources is one of these. More important, however, is the work of creating prosperity for the larger society. Business people, in short, should employ their talents and capital in such a way that wealth spreads beyond the few to the many. "How can we convince the common man," he wrote in 1962, "who in many countries is often underemployed and underfed, that capitalism and free enterprise hold more promise for him than other competing economic and political systems? We must be able to demonstrate to him that the modern capitalistic system can give him the opportunity to earn a decent living in an atmosphere of freedom. We must be able to prove to him that he also can be a part owner of that system."

SyCip's own prodigious feat in building SGV provides dramatic testimony to the positive potential of free enterprise. Through SGV, SyCip has in fact generated prosperity not only for his clients but also for thousands of current and former employees whose careers he has fostered. Through the SGV Group and the movement of SGV-trained managers into other companies and institutions, SyCip's professional protégés now span the globe. This is a legacy of which he is proud. But if, by chance, he had been born into an economically advanced society ("where you can think of doing something that is good for you alone"), SyCip says he might have liked to develop a different sort of company—one in which he was owner and director and in which someone else did the auditing work. "In terms of wealth and income, that would have been much better than running a large organization of professionals. But then," he adds, "I would never have had the satisfaction of developing so many people."

August 1992

Manila

J.R.R.

REFERENCES:

Kraar, Louis. "Meet 25 People You Ought to Know." *Fortune Magazine*, June 1989.

Milestones, 1946-1991: Forty-five Years in Asia, Manila: SGV Group, 1991.

The SGV Group Journal: Twenty-fifth Anniversary Edition, Manila: SGV Group, 1971.

The SGV Group 35th Anniversary. Manila: SGV Group, 1981.

SyCip, Washington. "Auditors in a Developing Economy." *SGV Journal* (September 1962): 2-8.

. Interview by James R. Rush. Tape recording. Ramon Magsaysay Award Foundation, Manila, September 1992.

. "The SGV Difference: Service—and a Bit More." *SGV Group Journal* (1981):3-5.

_____. "The SGV Group: A Multinational, Regional Organization." *SGV Group Journal* (1971): 3-5.

_. "The SGV Story: The Human Factor." *SGV Group Journal* (1985): 58-62.

Villanueva, Roberto. "How Wash SyCip Has Enhanced the Philippine Image Abroad." *Manila Chronicle*, 30 June 1971. This special edition of the *Chronicle's* Business Profile section also includes articles about Washington SyCip by Ramon V. del Rosario, Sr.; Jose B. Fernandez, Jr.; Carlos Palanca, Jr.; Sixto K. Roxas; Stephen Fuller; Alexander SyCip; and Francisco Ortigas.

Various interviews with and letters from persons acquainted with Washington SyCip and his work. Documents provided by Mr. SyCip and SGV.



Arto Ri