

# WORKING TOGETHER IN HIGHER EDUCATION: THE CHALLENGE AND REWARDS

*University of Oklahoma and local businesses combine efforts to better prepare accounting graduates.*

BY BONITA A. DALY, CPA, AND  
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**A**ccounting faculty at the University of Oklahoma have joined forces with financial executives of local companies to prepare students for the business world. Together we developed and are teaching a course that shows students the inner workings of a corporation and how the financial area fits into the rest of the operations. We launched the idea in the fall of 1994 and experienced immediate success. Here's our story.

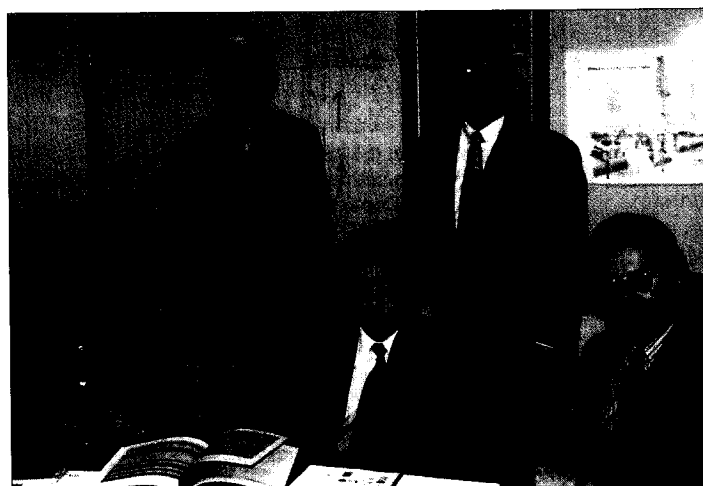
We enlisted financial executives in nearby companies as partners in educating our students. With our partners' help, we designed a course that combines classroom instruction with on-site visits to corporations so students can exercise their technical knowledge and build their communication, analytic, and teamwork skills at the same time. The course is for fifth-year students enrolled in a 150-hour program that combines a bachelor's and master's degree in accounting. As part of the course, student teams spend one

day a week for six weeks at a partner company where they observe and interact with corporate and auditing executives who practice on their jobs what students learn in the classroom. Students gain firsthand experience in financial management practices such as budgeting, internal control evaluation, systems design, and variance analysis. Because they work with management accountants and auditors, they are able to span the boundaries between the two practices. The different methods and perspectives of these disciplines soon become apparent.

## DESIGNING THE COURSE

**W**hen we decided to try this experiment, we sought guidance from the School of Accounting's Board of Visitors. Board members, most of whom are corporate financial executives, are committed to improving educational opportunities for future accountants. We discussed our ideas for an integrative, field-based class that would be taught by a team of faculty and accounting executives, and the Board gave us their suggestions for content and the direction such a class might take:

- Give students opportunities for creative thinking. Encourage them to express, explain, and defend their views.
- Help students understand the company's orientation and the roles of individuals within the firm.
- Help students appreciate what really matters in the business world.
- Emphasize the importance of learning all areas of the business and how they relate to each other.



At Devon Energy Corp.: Standing, l.-r., Controller Danny Heatly and author Bart H. Ward. Seated, l.-r., author Bonita A. Daly and students J.P. Springsted and David W. Schudel.

- Involve students in strategic planning processes, budgeting, and performance review.
- Encourage positive attitudes toward change.

We also asked Board members to tell us what they would do if they were given the opportunity to work with one to three students for several weeks. Their answers gave us many insights as to how to structure our new class:

- "I would try to spend time with each student, explaining the need for creative, unstructured problem solving. I would encourage them to put forth their best efforts to learn from all their contacts, from others in the company, and from other disciplines."
- "I want new hires to quit thinking like accountants and start thinking more like management. I would help students understand that they need to think about how they can contribute to a company in a meaningful way."
- "Students should learn the process of merging future needs, strategic direction, and financial payback. I would impress on them the need for earning buy-in from executive management and employees."
- "Students could observe the interaction among various interested parties in defining their needs, looking at alternative systems and structures. The proposed course should expose students to real-world experiences that would help them recognize how implementation costs, perceived benefits, and other significant factors influence decision making."

#### ABOUT OUR PARTNERS

The Board was enthusiastic about our proposal, so we began to develop a pilot course that was launched in the fall of 1994. The College of Business Administration supported our project, which of necessity started with a small number of students and participating firms. Our corporate partners in this new venture were accounting executives at two Oklahoma City-based companies: Susan Regier from Hobby Lobby, Inc., and Danny Heatly from Devon Energy Corporation. Eddy Ditzler from Grant Thornton and Rocky Duckworth from KPMG Peat Marwick, the auditors of these respective corporations, also were partners in

developing the course.

We considered six key factors in selecting corporate partners. First, all participating businesses were stakeholders in the University of Oklahoma's School of Accounting. That means they employ a significant number of our graduates, some support the School financially, some employ executives who serve on advisory boards to the School and University, and others support nationwide initiatives in higher education.

Second, our partner firms were willing to contribute executive time and talent to the success of the project. Third, they were comfortable with the scrutiny that comes with opening their doors to students and faculty. Fourth, the corporations were prepared to work with their external auditors in a boundary-spanning educational rela-



Students were told the key to success at Hobby Lobby is customer satisfaction. Above, Assistant Controller Susan Regier.

tionship. Fifth, geographic constraints were a factor: To be able to merge classroom instruction with field observation, all participating businesses had to be in the Oklahoma City area. Sixth, our partners wanted to serve as mentors and teachers and were enthusiastic about combining classroom and field study. As Danny Heatly put it: "This is the best way I know to show students what public and corporate accounting are about."

#### COURSE OBJECTIVES

With our Board's suggestions in mind, we worked with our business partners to flesh out course objectives. To provide a framework for the classroom and field observations, we viewed participating firms in terms of three interrelated elements:

- Organizational objectives;
- Corporate culture;
- Information system and control environment.

Students identify an organization's objectives in terms of what management wants to happen via the organization's long-term goals and strategic plans. Through their consideration of corporate culture, students become aware of the ethical and behavioral standards that are the basis for company practice. Field observations lead students to an understanding of how management's philosophy and operating style—the "tone at the top"—influence corporate culture. Students also learn that the information system and control environment, typically regarded as the domain of accountants and other information specialists, exists to serve business purposes. Using this framework for field observations helps students realize that an organization is formed and evolves through the interplay among all three elements and the external environment.

Our goal is to make sure students understand and appreciate the value of accounting information to the corporation; this requires field experiences in which they observe how senior corporate executives and their staffs actually use financial information. To reinforce the lesson that the information needs of others determine the development of accounting information, students meet with executives from marketing and operations as well as finance.

We also developed accounting-specific objectives for the course that reflect the particular concerns of our corporate and public accounting partners. The learning objectives stated in the course syllabus are:

- To understand and appreciate the value accounting information system functions add to a business.
- To identify and understand the role and purpose of a major corporate transaction processing and control

system.

- To appreciate the impact of business conditions and financial or governmental reporting requirements on the development of financial accounting systems.
- To understand how the independent CPA's audit approach is influenced by relationships among external parties, corporate objectives, corporate culture, and the information system and control environment.

### ACHIEVING OUR OBJECTIVES

It was clear to our development team that this course must help students improve a broad range of professional skills including oral and written communication, the ability to conduct independent business research, and the ability to work in teams. We designed assignments to accomplish these objectives. Before they began their field observations, students were required to research the business or industry in which each corporate partner operates. They identified the accounting practices and financial risks associated with each partner's industry and analyzed their financial statements. Students worked in pairs to write preliminary reports on each corporation.

Later in the semester, working in teams of three or four, students went on-site at a partner company once a week for six weeks. They learned about the company directly from its financial executives and accounting staffs. They also met with the corporation's external auditors. Throughout this period, students recorded their observations in journals.

At the conclusion of each field day, the student teams met on campus to talk about their experiences. These discussions, facilitated by the accounting faculty who were also participant observers, helped students make sense of their observations and suggested areas that needed further investigation.

At the end of the semester, student teams submitted final written reports and gave oral presentations to their classmates, accounting faculty, and corporate/audit partners. Question-and-answer sessions following the presentations triggered lively discussions among our instructional team and students.

The week before field observations began, Pam Wallace, an anthropologist and business consultant, led

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our class. She impressed upon students the importance of taking notes and introduced them to the tools of participant observation by passing around her notebook from a series of meetings she had with an Oklahoma Native American corporation.

*First Impressions of Corporate Culture.* To make a good impression on their first day at Hobby Lobby's corporate offices, one team's members dressed in their finest business attire. They were greeted by Assistant Controller Susan Regier, who was wearing a Halloween sweatshirt. Several students wrote in their journals that they immediately felt at ease, albeit overdressed. Another student noted that Hobby Lobby's conference room frequently was occupied by different cross-functional groups of employees. Workers reserved the room by writing their names on the calendar posted outside the door. Students mentioned in their notes that egalitarianism permeated the company and that people seemed to work together to solve problems.

*The Organization's Objectives.* After

two sessions at Devon Energy, students were able to explain how the company's recent acquisition of Alta Corporation would benefit Devon's long-term goals. Darryl G. Smette, vice president of marketing and administrative planning, discussed the impact of natural gas deregulation and explained the importance of accounting information in the current market. William Wentz from the finance area discussed the role of futures trading in achieving a measure of price protection. By hearing from company executives about strategic planning and organizational objectives, students were able to understand the link between business objectives and information systems.

At Hobby Lobby, the students were told that customer satisfaction is the key to success. Pat Jones, director of corporate financial reporting, discussed the marketing objectives that drive the company's inventory policies. Mike Canfield, chief financial officer, explained the importance of providing timely and appropriate financial information to the banking

group the company is assembling to serve its increasing number of retail outlets.

*Information System and Control Environment.* Before going into the field, students read *Internal Control—Integrated Framework*, the report of the Committee of Sponsoring Organizations of the Treadway Commission. It helped them relate their observations about corporate culture and objectives to controls and the company's financial information systems. It also helped them understand that business risks are a driving force in any control environment.

Once in the field, students observed the major transactions of a single accounting cycle. At Devon Energy, for example, oil and gas revenue accounting were the subject of several sessions with Controller Danny Heatly. Pat Jones explained how Hobby Lobby's inventory is accounted for in the warehouse and at the retail stores. After identifying the major types of transactions, student teams delineated the business purposes of the accounting cycles.

The financial executives stressed how important it is to review accounting information and to raise questions about "things that don't look right." CEO Mike Canfield told one team how his department at Hobby Lobby, by discovering unusually high utility charges at a single retail outlet, eventually improved operating performance. Through trouble-shooting, Mike and the store manager found that a defective meter was the culprit, and a sizable refund was negotiated with the utility company. As several students wrote in their final individual reports, examples such as this one show the importance of monitoring financial data and following up on unusual items.

*Introducing Students to Independent Auditing.* Meeting with our partner companies' independent auditors gave students an opportunity to compare corporate and public accounting cultures and put auditing in a meaningful context. At the end of a session on Grant Thornton's auditing approach, Eddy Ditzler had the Hobby Lobby student team write an audit planning memo using their knowledge of the corporation and its competitive environment. At the next session he gave students a copy of the actual planning memo developed for Hobby Lobby's 1993 audit. Students were gratified to learn that many of the points they addressed were in

Grant Thornton's memo also.

The auditors discussed critical audit areas and risk analyses as they related to the accounting cycles students had observed. Drawing on their knowledge of Devon's revenue cycle, students proposed their own audit programs. Auditors Rocky Duckworth and Matthew Bown subsequently used the students' programs as a basis for explaining KPMG's approach to auditing revenues at Devon. In their final oral report, students critiqued and compared their audit programs to Devon's actual audit program.

### A RICH UNDERSTANDING

In their final oral and written team reports, students explained the role that accounting information played in their respective organizations and gave detailed descriptions of the accounting documents, controls, and procedures they had encountered. They evaluated the systems they had studied and made recommendations for improvements. In addition, each student assessed the course in a written report. All the pieces were invaluable to us in refining the course for future participants.

Several students reported they were pleased and somewhat surprised that what they had studied in their accounting classes did, in fact, relate to actual business practices. Others said their field experiences were quite different from their expectations. Students generally were impressed with the extent that auditors rely on controls and with the nature of the evidence auditors gather to support their opinions.

Our students' reports showed they had developed a rich understanding of how accounting information helps management run a business, monitor performance, and discover matters in need of attention. They were reluctant, however, to identify problems. Perhaps we should have anticipated the difficulty students would have in making suggestions for improvements to the systems in established, successful businesses.

Students' personal assessments of the course reinforced for us the value of guided field observations in preparing for accounting careers. As one student explained, "The exposure to an entrepreneurial organization and corporate accountants who work to cut costs, eliminate waste, and improve the business persuaded me

that corporate accounting is the career path I will pursue." Several students from the Devon Energy team said they developed a richer understanding of the impact of business purposes, industry practices, and competitive pressures on the development of accounting systems. Another commented that, as she learned about Hobby Lobby's inventory accounting system, Mike Canfield's discussion of the role of accounting information became more meaningful.

### THE NEED FOR PARTNERSHIP

Our course differs in important ways from traditional internships and co-op programs. Classroom preparation and field experiences are coordinated to achieve specific learning objectives. By integrating course readings, written assignments, and oral presentations with field observations, we are linking academic preparation for accounting careers with the real world of accounting practice. Devon's Danny Heatly is pleased with the course. "Learning about control evaluation and reliance in this manner is simply not possible in a traditional classroom," he says. Susan Regier states, "I believe Corporate America needs to share in the cost and effort required to enhance the preparation of young people for accounting careers. By devoting our resources to endeavors such as this, we will give students a better understanding of the special demands and opportunities in entrepreneurial businesses."

We at the University of Oklahoma's School of Accounting believe field-based education will bridge the gap between academic studies and the business world and graduate students who will make real contributions to the companies for which they work. ■

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