Tell your clients they'll have it in the morning.

**Overnight to INDIA**

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BY ELIZABETH DANZIGER

It sounds like magic: Send your back-office chores away at night and find the finished work waiting with your e-mail in the morning. Believe it or not, some CPA firms are doing it: e-mailing tasks to accounting and programming personnel in India, where the workday begins just as Americans head home. There, Indian professionals process the files and transmit the results electronically before dawn breaks in North America.
Taking Off in Other Industries

Software exports from India grew more than 50% per year in the 1990s as U.S. tech businesses found a niche employing high-skilled, lower-wage computer engineers in India to write computer code.


How has this come about? Some U.S. firms have started their own offshore operations because an international partner had a few contacts back home in his native country. Other firms deliberately have sought strategic alliances in foreign markets. Regardless of how these CPAs made contact, they share a secret that may revolutionize back-office operations for firms and corporations throughout the United States: They have learned to leverage the intellectual skills and technical training of workers in India.

Blieden Foerster & Co., a three-partner, full-service CPA firm in Dallas, is one of the trailblazers of this new trend in international cooperation. Partner William M. Foerster hired Shiv Bhupathi (pronounced boo-pa-tee), who was born and reared in Hyderabad, India, before immigrating to the United States and getting an MBA. Realizing that the firm could save immensely on labor costs by hiring personnel overseas, Foerster and Bhupathi set up Foerster Bhupathi International in Dallas and established an office in Hyderabad. At first, most of the company’s work stemmed from the CPA firm’s litigation services clients. “Litigation support work generates a lot of information that needs to be quickly read, interpreted and entered into the database. Our Indian staff had the analytical and the data-processing skills to help us,” says Foerster. Now Foerster Bhupathi employs 50 people in its two offices. It offers financial consulting, business reengineering and software development services.

Another CPA firm prospering from Indian manpower is Lattimore, Black, Morgan & Cain PC, a midsize firm in Nashville, Tennessee. The 16-partner firm set up an affiliate company called LBMC Employee Benefits Group in Nashville, which uses lower cost personnel in India to make the CPA firm’s retirement plan business more cost-effective.

THE MAGIC WORD: TECHNOLOGY

There’s a fairy tale about a shoemaker who leaves a piece of leather on his counter at night where elves find it and work their magic; when the cobbler returns in the morning he has a finished pair of shoes. It may not be quite that easy for CPA firms to get their work done overnight, but the technology at the fingertips of most CPAs seems almost as magical. Foerster says there are three ways Foerster Bhupathi International sends information to India: “We can scan documents and then transmit them through the Internet or via a File Transfer Protocol (FTP) site. We can also e-mail them, or copy the files to Jaz disks and send them to India via courier service.”
For a typical litigation services project, staff in the Dallas office transmit documents to India, where the people in the Hyderabad office read each document, extract what they deem is the most important information for each client and create a database of key information for the law firm. “We have built up a staff of 20 people in our India office for our litigation services work alone,” says Foerster.

In comparison, Lattimore, Black, Morgan & Cain determined the India connection could help them do retrospective accounting on pension plans. “We prepare statements for participants telling them how much their plans are worth,” says John Kopra, president of LBMC Employee Benefits Group, LLC. “We could not do that profitably in the United States because we couldn’t find enough people in Tennessee, and our client expected to have the information immediately. We looked overseas to save both time and labor costs.”

The firm’s Indian staff does 50% to 60% of the work on a given task, then sends it back to the Tennessee office. “We review the work, wrap it up and ship it to the client,” says Kopra. “The India ‘loop’ does not delay us; if anything, it speeds up the engagement because we have more people working on it.”

**DO IT YOURSELF**

Any CPA firm can emulate this strategy and outsource back-office tasks to India to profit from lower staff costs, quicker turnaround and the extra time to focus on developing higher profit engagements.

*Lower overhead.* Foerster says CPA firms should think creatively about what day-to-day work they can send overseas. Farming out work would help them to handle stateside clients more efficiently and increase their customer base without adding employees. “These cost efficiencies also might provide a competitive advantage against consolidators,” says Foerster.

Lower payroll costs means lower overhead. Van Wood, PhD, Philip Morris Chair in International Business and professor of marketing at Virginia Commonwealth University’s School of Business in Richmond, says, “You can pay an Indian engineer $15,000 a year and he’ll be in the upper middle class. The same person in the States costs $75,000—and he’ll probably quit for something more interesting as soon as you have him trained. The cost savings in terms of labor, recruiting and training are truly astronomical.”

*Quicker turnaround.* Because India is about 12 hours ahead of the United States, the Indian staff works while America sleeps; a U.S. firm in effect can operate 24 hours a day. Domestic firms cannot compete with the turnaround efficiency made possible by a 24-hour workday.
**Skilled labor pool.** A well-educated professional class in India constitutes intellectual capital and, thus, the main asset to the accounting firms that have set up operations there. Other U.S. businesses already are capitalizing on India’s people power. According to the *New York Times*, Indian software exports grew more than 50% a year during the 1990s as U.S. businesses employed high-skilled, low-wage computer engineers to write code. Many Indian citizens speak English and can live comfortably on salaries that are a fraction of what people of the same background command in the United States.

Another advantage to maintaining an office in India is that there is a large pool of highly educated, motivated people who are looking for work. “In contrast, the unemployment rate in the technical sector in the United States is less than 2%,” says Wood. “The availability of labor means you can expand quickly, too.”

Kopra concurs: “We now have nine people working full time in India. They have postgraduate degrees, are technically adept and are very good accountants. And if I need 25 more people, I can get them next week.”

**WHAT DOES IT COST?**

The start-up costs for an overseas operation can be hefty. A firm has to have a telecommunications infrastructure and compatible information technology systems, and it must train foreign employees to perform U.S. transactions. All of this requires a long-term investment of time and money.

“It was pretty expensive to set up,” says Kopra. “We had to expand our telecommunications processes and train our Indian personnel about American pension plans.” To train the overseas contractors, says Kopra, “I traveled to India twice, and we sent another member of our Nashville staff once. We purchased and shipped to our India personnel a sophisticated multimedia pension-training program on CD-ROM from Sunguard Institute in Jacksonville, Florida. Also, our work product is standardized with very disciplined procedures—following our prescribed structure essentially is built-in training.”
Establish Your Own Affiliate in India

Fortunately, U.S. CPA firms do not necessarily need to create Indian operations from the ground up. “Our firm offers strategic alliances with other U.S. firms to help them take advantage of this opportunity,” says William Foerster of Foerster Bleiden.

Another way U.S. firms can take advantage of a professional link with India without having “to reinvent the wheel” is to work with an Indian company that already offers support to U.S. firms. “Each state in India provides business-to-business contacts for foreign companies who wish to do business in India,” says Dharam (Don) Punwani, president of Avalon Consulting in Naperville, Illinois.

To find such Indian companies or to learn more about setting up your own overseas affiliate, contact Foerster at bill.foerster@fbillc.com; John Kopra of LBMC at jkopra@lbmc.com; LBMC’s Indian associate, Sunil Goel at www.ssipl.com; or Avalon Consulting’s Don Punwani at punwanid@aol.com.

Employee training can be very expensive, but it yields benefits. Indian employees who learn to process American transactions are eager to handle more challenging work. “Perhaps the major issue for anyone doing American pension work outside the United States is to know about the technical rules that apply to qualified retirement plans in the United States,” says Kopra. “After training and building our Indian staff for a number of years, they are now able to take over 50% of the work.” CPAs in the U.S. offices review all the overseas work.

Foerster Bhupathi International also made the commitment to provide its staff in India with steady, full-time work, despite peaks and valleys in the company’s workload. “In order to get top-quality people in India, you have to give them career opportunities,” says Foerster. “We’ve been able to develop a system where we hire people full-time, provide training and help them map out a career path. “Of course, you have to invest heavily in training.”

Misunderstandings and cross-cultural gaffes can be problematic. Although the staff in India speak English, they may not mean what you do even when they use the same words. Forms of expression vary quite a bit depending on the culture. What’s considered ordinary politeness in India may seem long-winded to a time-crazed American. Therefore, firms need staff in both locations who understand each other’s customs and use of language.
Foerster elaborates: “During my first training session in India, I asked my class if they understood the information. I thought they were shaking their heads ‘no,’ so I repeated each point. I was very frustrated. When my partner entered the classroom, he asked me what I was doing. I told him that the class kept indicating no because they didn’t understand the program. He told me they actually were shaking their heads yes, which is different in India than in the United States. Imagine how frustrated they must have felt.”

Perhaps the real magic of these arrangements is that everybody wins. Indian professionals gain job security, a career path and knowledge of U.S. business practices. U.S. CPA firms gain productivity while lowering overhead. And U.S. clients get what all customers want: speed and efficiency at a competitive price. By creating a synergy with people around the world, your firm can turn “You want it when?” into “You’ll have it tomorrow!”.

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