Manufacturers Hanover: Trust?

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MANUFACTURERS HANOVER: TRUST?

by

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Senior Honors Thesis
Dr. Frederick Williams
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Thesis Outline

I. Proposal

II. Internship

A. Boston University Courses (at Imperial College, London)

1. Development of the European Economy 1750-1980
   a. European history
   b. Technology, agriculture, trade, war

2. Issues in European Economic Development 1930-1980
   a. Contemporary European political economy
   b. European Monetary System (EMS) - term paper

B. Manufacturers Hanover Trust (MHT)

1. American branch
   a. Noncommercial in Britain
   b. Nine facilities in London

2. Assignment - Controller's Department
   a. Overview of bank from accounting standpoint
   b. Special Projects teams - 2-3 people work on solving problems in every area of bank
c. Composition of project team

d. British and American work habits

e. Disillusionment of "overall view"
   - Cash Flow Reporting

d. Day at Treasury and Foreign Exchange Department

e. Communication problems at MHT

f. Achievements - 3 accounting "glitches" found

g. Problems

   i. Discriminatory comments
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III. Conclusion
Proposal

Goals for a London banking internship are numerous, and applying the experience to the development of a Senior Honors Thesis will serve as an evaluation of accomplishments and mistakes which may be made along the way. Even though the theoretical knowledge I acquire comes from my study of Financial Institutions at SIU, the most valuable experience will come through this practical work in banking. An assignment in a bank's loan or operations department would allow me to learn something about the bank's professional attitude and to acquire knowledge of the paperwork and processes used in conducting business. Working with the British in one of their own institutions will be an excellent way to get to know them and to become acquainted with the banking industry at the same time. Another important aspect of my experience will be to discover what opportunities and problems are associated with a possible career in international banking.

Academic Experiences - Recently, I took a Business Communications course with Dr. David Bateman in which I did research into the banking industry and an entry-level job associated with it. This extensive report sparked my continued interest and provided me with knowledge of the type of work and social aspects involved in a banking career. I am currently studying investments and the financial marketplace, which will also help me to understand the
influence banks have on the markets.

**Personal Experiences** - I expect that adjusting to different British traditions will be an exciting and challenging experience. I anticipate that the principal similarity between the U.K. and the U.S. will be the English language. The social, governmental, cultural, and environmental differences I expect to be shocking, but I hope to adapt quickly to my experience of the U.K. and the London Internship. Many of the concepts I learned from the Honors Interpersonal Communication course will be helpful in relating to and interacting with the Britons.

**Goals** - Applying these experiences toward a thesis will require my analysis of their impact on my professional attitude and goals, and of their cultural aspects as well. My internship assignment could be with either an American branch bank or a London bank. I hope to learn enough about this industry and its problems to be able to offer useful and constructive ideas for improving the industry. Other discoveries I hope to make involve banking attitudes towards women, and what opportunities and obstacles exist in entering into and succeeding in the field.

**Means** - I intend to keep a daily journal throughout the experience as a source for analysis when I return from the internship. This journal will serve as a record of all my professional experiences.
The Internship

The London Business/Economics Internship Program started with a two-day orientation session at Imperial College, London, focusing on British culture, the structure of the courses we would be taking, and the internship itself. The academic program then began with an intensive four-and-one-half week, daily lecture series on European economic development. The two courses that I took were held in the London Internship Program facilities located in and near the faculty offices in an apartment building in South Kensington, London, and in nearby Imperial College classrooms. All British faculty held adjunct positions at Boston University.

The first course, entitled The Development of the European Economy 1750-1980, was taught by Dr. Robert Greenhill. Dr. Greenhill, of the University of Exeter, is currently Principal Lecturer at the City of London Polytechnic in the Department of Economics and Banking. He has also been a research fellow at the University of Cambridge and the University of Oxford. The course examined the historical perspectives of the evolution of the European economy by comparing the economic performance of the major European countries at parallel stages of development. It explored the foundations of Europe's contemporary economy and its problems, beginning with the origins of industrialization in the 1750's and ending with impact of the oil crisis in the 1970's. Factors which received attention included the different uses of technology, agriculture, government spending and controls,
international trade policies, and banking structures. These factors were contrasted for each major country at several critical time periods, such as the 1920's and the Great Depression.

The second course, entitled *Issues in European Economic Development 1930-1980*, was taught by Dr. Adrian Hyett. Dr. Hyett, of the University of London, is currently Senior Lecturer in Economics at Kingston Polytechnic. This course examined the political economy of contemporary Europe. It concentrated on Western Europe (although situation and policy developments in Eastern Europe and the USSR were also touched upon). The main focus was on the European Economic Community (EEC) -- its institutions, its policies and their impact, and its development. We also studied ongoing policy developments with EEC member states such as the privitization programs in the UK and France, and industrial strategies and state intervention in industry in Italy, France, and the UK. European systems such as the European Monetary System (EMS), the proposed Single European Market in 1992, and the Common Agricultural Policy were explored in detail. Since the EMS was of the most interest to me, I used this as the subject of the term paper which was required for the course.

Both courses were of great help to me in becoming familiar with the economy in which I was going to be working. They also allowed me some time before the internship began to become
acquainted with the mannerisms, attitudes, and customs of Britons from various walks of life.

My internship was with Manufacturers Hanover Trust (MHT), which is an American branch bank operating noncommercial facilities in London. Assessment institutions such as Standard & Poor's and Moody's rank MHT sixth among the large money-center banks in the United States, and it has nine facilities located in and around London. The nature of my internship responsibilities allowed me to work in two of these facilities; I was only able to visit a third.

My assignment with MHT was to work in Special Projects on a team in the Controller's Department. My internship coordinator, Tony Johnson, one of the Boston University administrative staff in England, initially described the job as one which would provide me an overall view of the bank, because I would be working on several projects of one day to two weeks in length that dealt with a broad spectrum of the bank's operations. He suggested that this would be preferable to working in one particular department. What he neglected to tell me, or what I failed to realize, is that although the Controller's Department does indeed deal with all aspects of the bank, the view that I would be getting would be strictly from an accounting standpoint. Since I do not want to get into accounting as a career, working in this area proved to be an overall disappointment. The experience was useful, however, because I was able to work with
and get a feel for an area of banking which I might otherwise have failed to credit. I think that this will prove to be a valuable insight when working in another area of banking.

The Controller's Department, where I did the bulk of my work, is located in the Stratford building which is in a northeast suburb of London. It is a low-cost building where MHT has most of their paperwork facilities, such as Foreign Exchange Operations and the Tax and Payroll Departments. The second building where I worked was the Adelphi on the Thames River, where the Accounts Payable and Receivable Department is located. The Adelphi is a very expensive structure complete with a marble and brass lobby, and it also houses the foreign exchange trading rooms and their main computer facilities. It was a real treat every time my work took me to the Adelphi.

The Special Projects teams consisted of one to three people. The make-up of these teams was widely varied and was determined by Ms. Pick Har Soh, the Deputy Supervisor of Special Projects. MHT has interns throughout the year from Boston University and Syracuse University, but teams didn't always have an intern in them. Also some teams would consist of one intern and one regular employee, and some would consist of only two interns on their own. Each team's make-up depended on the magnitude of the project. Projects generally involved solving problems faced by any department of the bank or generating new ideas or procedures for a department. Each project ended with the writing of a
procedures manual and the implementation of the problem solution within the target department.

The team I was on consisted of another employee (Steve Vining, my supervisor), an Assistant Vice President of the Controller's Department (Russell Angrisani), and me. The entire department operated on a very informal basis, and everyone was referred to by first names. This fostered a sense of teamwork and cooperation, but it failed to award respect to those in higher positions.

Steve, an Australian, had been working with MHT for three months before I arrived, and Russ is an American who was transferred from New York eight years ago. Steve proved to be of little help to me: I learned after a few weeks that I knew more about our project than he did. Russ, on the other hand, became something of a mentor as I quickly realized how competent and intelligent he was. Russ is a shining example of an American working in a British institution who refused to conform to their standards. This, however, was to his credit. The Britons in general came to work around 9:00 or 9:30 a.m., took a two-hour lunch at the local pub, and left at 4:30. Russ was there promptly at 8 a.m., ate lunch at his desk, and stayed until after 9 p.m. every night, as well as working many weekends. Russ refused to tolerate lax work behavior and rarely attended after-work functions. He is a dedicated worker whose hard labor produced good results, but his work almost seemed to become an
obsession. Somewhere between the Britons' work ethic and Russ's must be an appropriate balance.

One of the problems that Russ faced in working with Steve and me is that Russ was the only one who had been with the project since its inception. This meant that neither Steve nor I had the authority (or the knowledge) to carry it out without him. This presented a conflict for him because he had several other projects to work on as well as his administrative duties. His frustration with this situation culminated at the end of my internship because until that point, I had been doing most of the work while Steve worked on another project. So, when I was gone one day, a problem occurred with some data input and the resulting test run of the Cash Flow Statement. Steve had no idea what I had or had not done, or for that matter what it was we were supposed to be doing, because he spent most of his time on a completely separate project, and even when he did join my team, he never appeared to understand our goals, Russ's instructions, or any of the procedural mechanics of Cash Flow Reporting. When I returned, I discovered that it was a simple miscommunication and could be solved with one phone call. This made Russ realize that he could not turn the project over to Steve to finish as he had planned. Before my internship came to a close, I had to train another person in the department to pick up where I left off, since Steve was leaving for his "holiday" for two weeks, and Russ had no time to do it himself. By the end of the internship,
I felt I was working for Russ more than for Pick Har, Steve, or even Les Smith (another Assistant Vice President who set up the program with Tony).

The topic of our project was the Financial Accounting Standards Board (an American institution) Rule #95 which involved changing MHT's Statement of Changes in Financial Position to a Cash Flow Report. There was no formal introduction to the job, and I eventually learned that this particular project had been going on since January of 1988, and that the project would last the entire six-and-a-half weeks of my internship. This was my disappointment: I would not be working on projects in any other area of the bank; and the illusion of my coordinator's "overview of the bank" promise was dispelled.

I had held this illusion of getting an "overall view" until the second day of the internship when I read the background material for the project to which I was assigned. At this point I should have requested a transfer; however, I had become confused about what area of the bank I really wanted to work in and felt generally uninformed about the options which were open to me. So, I compromised in my mind that I was gaining banking experience, no matter what form it was in. Then I inadvertently found the Foreign Exchange (FX) Operations that had intrigued me before I had come to London, but failed to realize that money-center banks are heavily involved with trading foreign currencies. After I discovered this area, I went to my
coordinator, Tony, and asked if I could get an internship in FX. He said that MHT had only had one intern in FX before and that that internship was only in the FX Operations (paperwork). Tony tries every term to get an intern placed there, but MHT is reluctant because the responsibility is so great, and a mistake could cost the bank millions of dollars. Therefore, he warned me that it would only be an observatory experience, rather than a "hands-on" one, in addition to some mundane paperwork. This represented no disadvantage to me, since the work I was already doing was mundane. Then I went to my MHT coordinator, Les, and asked him about the possibility, and he promised to look into it for me, but said that they could probably only spare me for a week. While I waited for his reply, I found out by asking around on my own time where the different FX departments were located and what they were involved with. The eventual outcome (after four weeks of evasion) was that too many people were on vacation, so they couldn't spare anyone to "find work for me," but that I could go for one day to the Treasury Department! I then learned that the foreign exchange trading and the treasury activities were intertwined. The day (which was during the last week of the internship) turned out to be only an hour with the Vice President/Head Trader who simply described in more detail the operations of both departments and told me a few things about the requirements for employment in MHT's Treasury Department.

This was only one of many experiences with MHT communication
"lags". From the first day I noticed their disregard for punctuality and their extreme lack of organization. My first day was a fiasco: Les was gone for the day (at Wimbledon), Russ was on vacation, and Steve was at the Adelphi. Pick Har was somehow under the impression that I should have been there the day before. After arriving at the agreed-upon day and starting time (noon), we immediately went to lunch in the "canteen." After lunch I was told to go drink coffee or shop in the mall for an hour until another lady returned from her lunch and could decide which desks a co-worker and I were to have. This was obviously a major starting point in their minds and nothing could be done before the desk decision was made. When we returned from the hour-long coffee break, we were given the background materials for our different projects and told to spend the next two hours reading. The rest of the internship proceeded in a similar manner, and I quickly learned that if I was to get anything out of the experience, I would have to seek it out myself.

A particular highlight of my internship with MHT was when I discovered two accounting "glitches." Both occurred when I was working at the Adelphi with Russ and Jim Anderson (another Vice President sent from New York for three weeks to work on this project). Russ had set me up in an office of my own, and I was classifying accounts under the categories that Russ and Jim had established for reporting purposes. As I ran through the accounts, I questioned Russ about the account called "Fixed
Assets - Company Cars." The account was being misclassified under another reporting system called ABS. After a discussion with Russ and Jim and a few verifying phone calls, we decided that in order for it to fit correctly into the Cash Flow Report, a change must be made. Another result of our discussion led to me to realize that another related account for the depreciation of company cars was also misclassified. Russ handed it to me and said, "It's time to jump in and get your feet wet, Deb." I called Dick Scarborow, the person in charge of ABS reporting, and explained the discrepancy to him. He said, "I'll call Nigel (his boss)." An hour later, I called Dick about another discrepancy I discovered, and learned that he had not, in fact, called Nigel. He suggested lamely, "Why don't you call him?" So I did. Nigel said to call his colleague. At this point, I felt that they were simply patronizing another intern, with no intention of taking me seriously. His colleague turned out to be Les Smith, my MHT coordinator, and we made an appointment to discuss the problem in Stratford the next day. After our meeting, Les agreed with me, and we wrote a memo to John Cotter, the Controller, and others who had the authority to make the changes. "Problem solved," I thought; a few days later, however, I checked on it, and Les had failed to issue the memo, and no one knew about it. Now I knew I was getting the run-around and began to wonder if there was something significant about those company cars that they weren't telling me. I pressed the issue anyway and met with Dick and
Nigel again and argued my point until Nigel called the Controller, and the bank appeared to have adjusted their system to take my discovery into account. During roughly the same time period I had discovered another accounting "glitch," and was also pressing for that correction with the same people. In the end, three changes were made very reluctantly. The reactions I received varied. Russ and Jim thanked me repeatedly for pointing out the problems since it helped our project in identifying actual cash flows. Steve never acknowledged that I had even been working on anything. Even at the end of my internship, when he filled out an evaluation of my performance and listed my accomplishments, he refused to add my discoveries to the list, insisting that I had only "helped evaluate some accounts," and had not corrected any faulty procedures at the bank at all. My fellow interns had been under the impression that if any employee found a "glitch," that employee would be given a 25-pound bonus. I never saw any bonus, and in fact was never told about one by any of my bosses. Some of the problems I encountered within my project team centered around my supervisor, Steve. The problems started with unreasonable comments he made about my competence. These judgmental comments were irrelevant, intolerant opinions about my capacity and impending performance formed before he had any knowledge or experience about that capacity or performance. Every one of his comments reflected his attitude that a woman is more concerned about her looks than her job. He clearly believed
that no woman could be constructive in the workplace beyond performing secretarial duties. This situation made me feel that I was not being taken seriously, and naturally, I resented it. I eventually gained Russ's respect, whether I (or any fellow worker, male or female) could ever earn a similar acknowledgement from Steve. Another problem involving Steve was his unavoidable and infuriating incompetence! The impression he gave to many in the department was just the opposite, though, because he would come to work just a little earlier and leave just a little later than everyone else. The result was a "halo effect"; he was considered a hard, productive worker.
Conclusion

The program itself was disappointing because I was told before I applied that the internship would last nine weeks. In reality, I learned after the program began that the actual time spent in the internship was to be only seven weeks. Also, my internship was really only six and a half weeks rather than seven weeks. This was on my own responsibility since I went to a Greek Isle with twelve others, and our return flight was two days into the internship. I had talked to my coordinator about this, and it was accepted after I told them I planned to work five days a week rather than Boston University's program of four days a week. Boston University explained that the Summer Program is a little shorter than the Fall and Spring Programs. Of course, I could not get a refund and leave England. Most of the other students in the program and I made it known to them that this fact should be stated in their brochures.

I experienced many satisfactions and disappointments during my stay in England. Most of my satisfaction stemmed from my enjoyment of the time I spent living in London and experiencing all of its social and cultural thrills. I also experienced much fulfillment from my accomplishments in my internship. There were several things, however, that clouded my drive to seek the fullest experience possible from my internship and to perform according to standards I live by in the United States. Unfortunately, those things were exactly what was giving me satisfaction from my international experience. I cannot fault
Boston University for this problem, since they warned me before I even applied for the program that if what I wanted was a tour of England, then I should come early or stay late because it is impossible to experience everything at the same time. I admit that my new friends and I were so wrapped up in doing everything that I lost sight of why I was really there: I was there to work in an internship with a major international bank. As a result, I failed to press for what I discovered I was interested in, treasury and foreign exchange.