Office profile: New York

Thomas B. Hogan

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs
Part of the Accounting Commons, and the Taxation Commons

Recommended Citation
H&S Reports, Vol. 01, (1963 autumn), p. 12-16

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.
NEW YORK

By: Thomas B. Hogan, Partner-in-Charge

"New York is a great place to visit but I wouldn't want to live there." We hear this, or something like it, said by many of the visitors we have each year from other practice offices around the country who come here to serve client interests, to attend training meetings, or for other reasons.

I suppose it is natural for them to compare New York with their home city and to compare the New York Office with the office in which they work.

New York City is big. Every visitor to the city, whatever else he may think of it, agrees on that. The over seven and one-half million residents inhabit five boroughs spread over 320 square miles of the world's most costly real estate. Manhattan, where our office is located, is the smallest geographically. Each day over a million more people commute to work from the suburbs in New Jersey, Connecticut, Long Island, and Westchester. Add to these the almost 14 million visitors New York has each year, and you have a lot of people.

The New York practice office is big. Its working force is more than 500 people, and the office area is about the size of a football field. It is also the oldest office in the Firm, which is presumably why we are asked to write about it for the first issue of H&S Reports.

New York has frequently been called "Headquarters City," and it probably well deserves this title. Since 1946 it has been host to the United Nations, and most of the 111 member countries have representatives permanently stationed in New York. New York is unquestionably the financial center of the free world. Of the 500 largest industrial corporations in the United States 133 make their headquarters in New York City, and of these companies 21 are served by the New York Office. The 15 largest stock brokerage firms maintain their principal offices within a small area, known throughout the world as "Wall Street," within a stone's throw of the New York Office. Ten of these brokerage firms are clients of the Firm. Interestingly enough, the largest commercial bank in the United States (Bank of America) is not in New York City but in California. The next four largest commercial banks are here, however, and two of them (Manufacturers Hanover Trust Co. and Morgan Guaranty Trust Co.) are audit clients of the New York Office.

New York City is a curious combination of contrasts and variety. It is the home of the winningest baseball team (Yankees) and the losingest (Mets). It houses the world's largest securities exchange (New York Stock Exchange with 2,761 issues of 1,419 organizations) and the smallest (National Stock Exchange with 12 issues). Those who think of New York as a city chiefly of big business are wrong. Though the city is a home for some of the world's largest companies, the pattern of New York is that of a vast concentration of small business. It has been estimated that there are more than 240,000 business establishments in New York City, but only 500 of them have more than 500 employees. The bulk of the clients served by the New York Office are represented by medium-size business establishments.

Some of the statistics about the New York Office are quite impressive. It occupies 35,000 square feet with 66 private offices, 3 conference rooms, 3 staff and class rooms, a working paper file room with almost 2,500 feet of shelving, a Report Department with a full-time staff of about 35 people who annually turn out several thousand audit and MAS reports, 10Ks, tax returns, etc. Last year we mailed out almost 2,000,000 confirmation requests to customers of our clients. Our 134 telephones handle hundreds of calls each day. A secretarial staff of about 30 produces a steady stream of correspondence which goes to every corner of the world.

Looking out of our windows in Two Broadway we see a harbor in or out of which an ocean-going vessel sails every twenty minutes. To the north, we see the New York Stock Exchange from which emanate reports on an average of 65,000 transactions a day (flashed on about 700 quotation boards of our clients, Teleregister Corporation, in brokers' customers' rooms around the country and Canada). On the south is the new New York Clearing House where, on a usual day, almost $4 billion worth of bank checks are cleared in what has been described as "the vastest waterfall of cash flow in the world."

On any given day New York Office staff men are at work in many of the skyscrapers opposite our windows. In one week last February, audit teams, generally consisting of three or four men, were serving ten transportation companies, seven paper companies, five food-processing companies, five chemical companies, five publishing companies, and four insurance companies; the rest of the staff were serving clients, many of them relatively small, in a variety of other fields. By July, staff as-
Signments had changed markedly. Almost half of the staff were engaged in brokerage audits; the rest were serving other clients, including manufacturing companies, universities, and charitable foundations.

Our practice is essentially the same as that of the other offices, and like them we have our share of unusual engagements. Consider for the moment the interesting aspects of reviewing the system of internal control at American Express Company, which maintains 389 offices located in 33 countries around the world and conducts an overseas banking and travel business, issues credit cards, and sells travelers checks and money orders. Or consider observing physical inventories of crude oil which is stored in large tanks in the deserts of Arabia or in a pipeline running from Dhahran to Beirut, a distance of 1,000 miles. Every senior accountant has known the frustrations of keeping track of what his assistants are doing in the progress of their day-to-day work. Imagine the problems encountered by one of our accountants several months ago. He had to assign 361 assistants working on an engagement to 40 different locations. Because of the nature of the engagement, it was necessary on the first day for every man to arrive at his location at precisely the same time in order to effect

---

a Late afternoon on the New York Harbor as viewed from the author's window.
b The author in the reception room of the New York Office.
c Beneath portrait of Charles S. Ludlam (1866-1934), a stairway connects the New York and Executive Offices. The offices share library facilities.
d Class on SEC accounting in New York Office staff training room.
e Staff members at Merrill Lynch, Pierce, Fenner & Smith in EDP Center: Guari Ghosh, of Calcutta, India, and Frank Cazzetto.
a simultaneous unannounced verification of the assets. Think of the planning that was necessary to have every man know precisely where he was to go, to whom he was to report, and what he was to do when he arrived—with a minimum of interference with the client's normal activity.

I suppose that many people think the New York Office staff are assigned to engagements for a long period of time. Generally speaking, this is not so. Some of our assignments can run for two or three months, but many last only a few weeks. As a matter of fact, one of the more unusual engagements lasted only one day. On that day several of our accountants rode in armored trucks, escorted by police cars, to maintain control of more than $5 billion of a client's securities being moved to a new vault location.

While we are the largest, in most respects, of all the offices in the Firm, the geographic area ordinarily served by the New York Office is smaller than that of many of them. Our New Haven, Providence, and Boston offices take care of most of New England; Buffalo and Rochester serve Upstate New York; Newark handles most of New Jersey; Philadelphia, Allentown, and Wilkes-Barre cover eastern Pennsylvania. Of course, because of the international character of some of our clients, members of our staff travel to such places as Saudi Arabia, Liberia, Costa Rica, Panama, Venezuela, Colombia, and Bermuda. Lest you think going to Dhahran or Monrovia is a great hardship, just consider that such an engagement may enable you to stop over in Paris, Rome, or Lisbon.

How does it feel to work and live in New York City—to be part of the community in what has been described as "the capital of the financial world, the hub of the nation's communications network, and the control center for much of America's industrial effort"? Probably the one word that best describes living in New York is "exhilarating." Probably in no other city of the world is it possible to have the great variety of experience that is normal for the average New Yorker. Where would you like to live—in picturesque Greenwich Village with its artists colony, in one of the newer apartment houses springing up both in New York City and the surrounding suburbs, or in your own home in one of the suburbs, perhaps a small town not much different from small towns anywhere else in the United States? Dining out? Select any one of the 7,000 or more restaurants in New York City which specialize in American, Japanese, German, Italian, or Irish cooking. Entertainment? We have all kinds from the Broadway shows of proven quality to the experimental off-Broadway entertainment, from the Philharmonic Orchestra and Metropolitan Opera to the noisy cabaret show.

These, though, are just part of the picture; it is the dynamic nature of its economy that really makes New York exhilarating.