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Touche Ross: A biography: The life and services of a multinational partnership in the expanding profession of accounting and management consulting

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TOUCHE ROSS: A BIOGRAPHY
The life and services of a multinational partnership in the expanding profession of accounting and management consulting

By Theodor Swanson
TOUCHE ROSS OBJECTIVES

We are committed to making a positive contribution to our clients and to society through the excellence of the independent accounting, auditing, tax, and consulting services we provide. We seek to be a vital force, providing information for the evaluation and management of business, government, and social institutions. Working always with integrity, we seek to lead in the innovative expansion of the professional disciplines in which we serve.

We seek and support people of the highest personal qualities and with a diversity of talents and interests. We strive to provide an attractive environment, an opportunity for continuing personal development, and competitive economic rewards. We especially seek all who are interested in innovative services.

We strive to be a developing enterprise — to extend and expand our services — and yet to remain one cohesive firm, growing nationally and internationally as our members realize their potential.

With confident, conscientious leadership, and in full awareness of the high personal qualities and professional competence of our members, we reach out to realize an ever greater professional commitment. Among professionals we expect, therefore, to be both distinguishable and distinguished.

Long Range Committee 1972
It seems appropriate to title this book a biography rather than a history, in part because the Touche Ross story is a story of people and personalities. Moreover, history connotes an emphasis on the past, which may be of limited interest to those who are preoccupied with today’s problems. Biography however signals that the subject may still be alive, with a future, and worth knowing.

In the summer of 1972, anticipation of new things to come was in the air. In a democratically-determined succession, a new Managing Partner had been elected — young in years, but mature in experience and demonstrated ability. He would assume the duties of his predecessor, who had presided over a decade of remarkable growth. The expectations that accompany a change of leadership were blended with the assurance of a continued balance in management as represented by the re-elected Chairman and other members of the Board of Directors, including the former Managing Partner.

To assist in the preparation of a permanent record of the firm’s first quarter century, TEMPO enlisted the services of a writer without previous knowledge of the organization, who therefore might be expected to treat his subject with objectivity. He here testifies that he has tried to do so.

The following pages are in effect an outside auditor’s report of certain aspects of performance, together with a kind of management survey. True to Touche Ross terminology, an “integrated approach” has been applied in tracing the relations of past to present, the evolution of ideas, the contributions of leaders, and the interaction of the firm with its environment. There emerges a prospect for the future so promising as to invite the confidence of present and future clients, and the enthusiasm of all who are associated in the practice of accounting, tax, and management consulting under the Touche Ross name throughout the world.

At no time in the preparation of this chronicle has the author been required to compromise “generally accepted principles” of reporting, nor has there been lacking a candid disclosure by his sources of pertinent facts. It has been cheerfully admitted that “the organization is still not quite perfect,” that there have been failures as well as successes, that there are sometimes vigorous differences of opinion as to policies. The author has concluded that the problems of organization are universal because organizations are composed of human beings. He has also concluded that the very strength of Touche Ross is in the independence and dedication of its people and its encouragement of innovation. Men who are dedicated to excellence and impatient with all shortcomings may think that this biographer, after his kind, and out of admiration for his subject, has tended occasionally to be partisan. If so, the record is his eloquent defense!

From modest beginnings in 1947, Touche Ross has become one of the world’s largest accounting and consulting firms; its volume multiplied some forty times.

In 1972, Touche Ross offices in the United States were serving many thousands of clients, ranging in size from corporate giants to small, family-owned concerns, and including hundreds of projects for federal, state, and municipal agencies, and a broad spectrum of private social service organizations.

The number of clients bespoke the quality of the product delivered by the 74 offices, its 450 partners, and a total staff of nearly 5,000. Client relationships were often of long standing; in all cases changing needs were being met by continual advances in techniques and methods.

The growth in the size of the firm has provided the professional resources which are required by the increasing complexity of business, the multiplication of governmental regulations, and the proliferation of public services. Equally important, the firm’s growth has made possible a firm-wide communication of information through training and other means, for the benefit of clients, together with the coordination necessary to maintain uniformly high standards.

The needs of the ever increasing number of the firm’s clients with international interests have been met by the formation of a multinational organization, Touche Ross
International, with strong representation in 45 countries.

Touche Ross has kept pace with the profound changes, some of them revolutionary, which have occurred and continue to take place in the nature of accounting and auditing, tax, and management services. The functional specialists of yesteryear are becoming in increasing numbers a new breed of professionals, with the ability to see problems from the broad point of view of top management, and to advise on the attainment of overall objectives.

An accent on planning for the future is inherent in the nature of management consulting. A similar approach has replaced the traditional emphasis in auditing and tax practice on past performance. To meet the needs of management, the emphasis is now on evaluating the alternatives of decisionmaking in terms of their probable consequences within the total economic and political environment. In this way, Touche Ross participates more and more in the rational management of change.

The accounting function since the dawn of recorded history has been essential to the conduct of human affairs. In recent years it has been challenged to assume a far greater role than the attestation of transactions.

In a society in which the credibility of reports of stewardship from private and public centers of power is frequently questioned, as well as their performance, firms like Touche Ross are thrust into the position of being guardians of the public interest, and active contributors to it.

No other organized group exists with the intellectual disciplines, the technical tools, and above all with the professional tradition of independent and impartial judgment, which characterizes the accounting profession at its best. However, the profession is a creature of society and must deal with human weaknesses, including its own. Therefore if only for the sake of its future, it must strive to preserve its integrity, and gain the enlightened support of clients, government, and the public. With independence and objectivity, it can help significantly to maintain essential freedoms, determine public and private goals, and guide the improvement of society.

Touche Ross properly takes pride in the untiring efforts of its leaders — in cooperation with other professional firms, with organizations such as the American Institute of Certified Public Accountants, the National Association of Accountants, and the American Accounting Association — to define accounting objectives, and to enhance the status of the profession. It summons to the challenges of the future young men who will advance the firm's role as a dynamic force for progress in both private and public areas of endeavor. It seeks to maintain within its own ranks the opportunities for personal fulfillment which today's generation is demanding and is determined to achieve.

A biographer must depend on the recollections of contemporaries of the subject. In this case he was fortunate to have available not only the recorded information which is part of the firm's history, but also the cooperation of those who helped achieve the firm's present status. That they are not all listed is due to considerations of space. But it would reflect on the credibility of this work if there were no acknowledgement of those whose memories and files and photograph albums have made this book possible. Donald Bevis, Robert Beyer, John McEachren, Russell Palmer, and Robert Trueblood were willing and cooperative during long interviews and most patient in reading manuscript. Others, whose professional achievements have enriched the firm, have given their time unstintingly to help create this biography.

The reader is now invited to consider in the following chapters the events, the contributions of a group of extraordinary men, and the evolution in practice which went into the making of the present Touche Ross & Co. He may consider also some of the elements which will go into the making of the future. Finally, he may reflect on the heritage of respect bequeathed by the partners of the antecedent firms, who practiced in a world so different from our own. Through the turbulence of change, one thing remains unchanged: their lives speak across time of a dedication to be shared by their successors in the never-ending adventure of their profession.
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THE MAKING OF THE PRESENT
1. A NEW FIRM IS BORN

The year was 1947. It was a period of great transition. In the United States the reconversion of a war economy was in full stride. The nation was moving into a new era of expansion and an unfamiliar role of international economic and political leadership. Throughout the world of business and finance men were responding to a new tempo — to the forces of change — and to a sense of unprecedented future needs.

One such response was the merger of three public accounting firms — Touche, Niven & Co., Allen R. Smart & Co., and George Bailey & Company. Under the name of Touche, Niven, Bailey & Smart a base was established for the growth during the ensuing two and a half decades of one of the world's leading international accounting organizations — Touche Ross & Co.

The story of Touche Ross and its predecessor firms, as it unfolds in succeeding chapters of this book, reflects the extraordinary developments which have taken place in the practice of accounting since the beginnings of an organized profession in Scotland in the 1850s. Those developments mirror the course of economic history — the increase in size of business enterprises, and in the number of shareholders; the growth of government regulation, the revolutionary impact of science and technology, and an increasing public demand for a greater social responsibility on the part of the private sector of the economy. Over that period of more than a century, during which the world has altered so greatly, there is revealed a continuity in the influence of exceptional men whose character, intellect, and ambitions have shaped today's accounting profession and continue to be a living force.

When the firm of Touche, Niven, Bailey & Smart was formed, personalities and organizations which had followed separate lines of development converged to meet mutual needs.

Touche, Niven & Co. had been founded in 1900, one of the several firms of British and Scottish ancestry which dominated the public accounting field in the United States at the turn of the century.

Over the years Touche, Niven & Co. had grown conservatively into a highly respected firm with a number of offices and a good many important clients. The firm had chosen one of its partners, Victor H. Stempf, as the man to continue the impetus of its founders. It had been expected that his leadership qualities would enable the firm to keep pace with the competition and changing times. Stempf's untimely death in 1946 was a crucial loss.

Allen R. Smart & Co. had been formed in 1927 with British roots that dated from the 1880s. Upon the death of Allen Smart in 1940, his son, Jackson Smart, and several talented associates carried on, serving a number of major clients. Jackson Smart combined his knowledge of accounting with a greater interest in business and finance. His ability to view clients' problems broadly was to be of great service during his many years as one of the leaders in the new organization.

Both firms, Touche Niven and Allen Smart, recognized the need to strengthen their organizations; both looked to the possibility of a merger which would bring added resources in personnel and vigorous leadership.

In the meantime, by one of the coincidences that often determine the course of human affairs, developments had been taking place in the Detroit office of Ernst & Ernst which led to the formation of George Bailey & Company in April 1947. Bailey had joined Ernst & Ernst in 1912 upon graduation from college. He had been made a partner in charge of the Detroit office in 1922, and under his dynamic guidance a flourishing practice had been built in the automotive capital. With the passage of time it became apparent that Bailey and A.C. Ernst, who had founded the firm in 1902 and ruled with a strong hand from its Cleveland headquarters, had deep differences.

Bailey recognized that the changing nature of the profession required the further development of management services beyond the traditional accounting and auditing functions. He believed in building practice through quality before everything else, and in raising the standards and the status of the profession by increasing...
The Executive Office for Touche, Ross, Bailey & Smart was opened on September 1, 1947 in the First National Building in Detroit. The Executive Office (consisting initially of one person, Laurine Newquist) was moved to New York in 1960. The Detroit office is still located in the building.

the influence of its national association (now the American Institute of Certified Public Accountants). The clash of ambitions and personalities finally resulted in the severance of the relationship.

Bailey left Ernst & Ernst accompanied by a partner, John W. McEachren, and by eleven associates including Donald J. Bevis, Paul E. Hamman, Wallace M. Jensen, and Kenneth S. Reames. Together they formed George Bailey & Company. Many of the clients, whose confidence Bailey had earned, transferred their allegiance to the new firm, which opened modest offices in the same building where the present Detroit offices of Touche Ross are located.

Bailey and his partners were immediately confronted with a shortage of personnel and the necessity for offices outside of Detroit to serve their clients. When Bailey was approached by partners of Touche Niven and of Allen R. Smart, the formation of a consolidated firm was a natural development.

The announcement of the partnership of Touche, Niven, Bailey & Smart, with headquarters in Detroit, appeared on August 20, 1947. Bailey became chairman of the first management committee of three senior partners, the others being Jackson W. Smart and Henry E. Mendes, who had been executive partner of Touche Niven. A total of 33 active partners, representative of the antecedent firms, made up the new partnership. During the next decade, many new partners were added as a result of growth in practice and a number of mergers.

In 1960, the firm name became Touche, Ross, Bailey & Smart, bringing together under the same name Ross, Touche & Co., Canada, and George Touche & Co., England. In the 1960s there followed mergers with some 50 U.S. firms and international expansion through formal associations with firms in more than 75 countries. On September 1, 1969, the name Touche Ross & Co. was adopted by all firms.

The actual formation of the firm on September 1, 1947 was a simple fact. Integration was another matter. Touche Niven was an established firm, proud of its tradition and its old world antecedents. George Bailey & Co. was young and aggressive; Allen Smart & Co. was somewhere between the two. These differences were manifested in their accounting practices and their methods of operating. Furthermore, most of the partners of the new firm did not know each other. With the exception of the managing partners who negotiated the merger, and perhaps a few others, the partners had never met. There were other problems. In the initial weeks, holding clients had priority over everything else. It was not until the Partners Meeting in September that the first real steps toward integration took place.
The firm's name has undergone several changes since its formation. Originally, it was Touche, Niven, Bailey and Smart, later Touche Ross, Bailey & Smart, and now Touche Ross & Co. Although the shorter title no longer carries some of the names of the founders, their contributions remain part of the firm, twenty-five years later. Above are, George A. Touche, George Bailey, Jackson Smart, and Howard Ross. Henry Mendes (left), was Executive Partner of Touche Niven and played an important role in the firm's formative period.
The 33 active partners of the new firm met for the first time in September 1947. Advisory partners John B. Niven and Edwin H. Wagner, Sr. did not attend the meeting. Robert Trueblood and William Werntz, later to become partners, participated in the meeting.

1. Henry Chamberlain
2. Charles Blankenburg
3. Robert Trueblood
4. Donald Bevis
5. William Werntz
6. Wallace Jensen
7. Henry Stephens
8. C. Alvin Koch
9. G. Leslie Laidlaw
10. Paul Hamman
11. Edward Pitt
12. John Kohlreiser
13. C. Herbert Gale
14. George Ludolph
15. Robert Waugh
16. Carol Hall
17. Charlie Ross
18. Thomas Brown
19. George Lehman
20. Kenneth Reames
21. Robert Brown
22. William Beckert
23. Peter Lynch
24. Henry Mendes
25. George Bailey
26. Jackson Smart
27. John McEachren
28. Jacob Friedman
29. William Waggoner
30. Edward Tremper
31. William Carson
32. Allen Howard
33. Frank W. Hawley
34. R. Allan Parker
35. Edward Wagner, Jr.
GEORGE D. BAILEY. Without him there would have been no Touche Ross & Co. as it exists today in the United States—a fitting epitaph for an extraordinary man. History is full of “ifs”. If A.C. Ernst had died a year or so sooner than he did, would George Bailey have become head of Ernst & Ernst? Would the partners of Touche Niven and Allen Smart have merged with another firm and kept the Touche name alive in the United States?

Fate decreed a different course of events, as it did when Bailey, who entered the University of Wisconsin in 1908 with the intention of studying engineering, shifted to the accounting curriculum. Despite a semester of A’s, he decided that his aptitudes were better suited to business.

Bailey was born in 1890 in Sioux City, Iowa, of New England ancestry. In his fragmentary memoirs, which he left unfinished at his death, he wrote, “It was an educated household with all that implies;” his father had attended the Sheffield Scientific School at Yale, and his mother Mt. Holyoke College.

Upon graduation in 1912, Bailey moved to Cleveland, where he joined Ernst & Ernst. In 1916, he moved to Detroit. Bailey remained in Detroit for 31 years where he was in charge of the Detroit and Michigan offices until he left the firm in 1947 with some of his closest associates to form George Bailey & Company.

In his retirement he recalled, “after so many satisfactory years, the break was a sad one because it meant the termination of the close associations I had had with many of the partners of the firm.”

In his memoirs, Bailey says very little about the circumstances leading to the separation. At 76, and in failing health, they could no longer have mattered. They are related in the first chapter of this history as remembered by others.

During his ten years as head of the new partnership, Bailey synthesized the ambitions of a lifetime. In the process, he demonstrated that it is impossible to move anything—not excepting human beings—without friction. Nevertheless, all who knew him within and outside the firm honor him now as they did then, as a prime mover in his profession.

John L. Carey in his history of the accounting profession writes of Bailey and his tireless work on AICPA committees: “He had had a long and rich experience in accounting, and in addition was well-informed on economic, political, and social trends. He was studious, imaginative, and energetic—an unusual combination of thinker and activist. He had a casual, informal, pleasant manner which concealed a will of iron.” His peers recognized his many contributions to the profession by electing him president of the AICPA in 1947 and by awarding him its Gold Medal in 1960.

Bailey’s business and financial sense, coupled with his professional abilities, made him a valued adviser to Chrysler and other clients, such as Freuhauf, Parke Davis, and American Motors. He was active in civic groups in Detroit and the state and was a leader in many charitable organizations. During and after World War II, he served as a consultant to various agencies of the federal government on war contract procedures, renegotiation, and tax regulations to facilitate the changeover from war production. In 1955-56, he was consultant to the Board of Governors of the Federal Reserve Bank, directing one phase of a study of installment-credit regulation.

Early in his career, Bailey took an interest in the education and training of public accountants. He was one of the first to recruit university graduates at a time when business school curricula in accounting were still in their infancy. Later he developed associations with faculty members at several universities, including William A. Paton at the University of Michigan. He participated in seminars, gave lectures, and felt that he contributed by bringing practical experience into theoretical discussions.

This involvement stemmed from attendance at meetings at the American Accounting Association, the national organization of accounting teachers. He wrote: “I came to have a high respect for the teaching of accounting, and soon discarded the idea that I could teach the teachers... However, there was always a place for the practicing accountant to help, and that was in special lectures, or in a specialized class—[in turn] he had an obligation to carry on the education of a staff member in advanced fields...”

In 1948, he was the Dickinson Lecturer at the Harvard Graduate School of Business Administration. Following his retirement in 1958, he lectured at the University of Michigan, and was Regents Professor at the University of California in Los Angeles.

Bailey was the author of many technical articles, 12 of which were published during the 1940s in accounting and business journals.

Outside his profession, Bailey had several enthusiasms. One was his college fraternity, Phi Gamma Delta; he was its national president in 1961-1962. The others were fishing and travel; he pursued his elusive quarry in many of the world’s streams and oceans when retirement gave him the leisure. In 1966, the last year of his life, ever optimistic and forward-looking, he wrote: “So now we are ready to spend much of our time by our pool in the Southern California sunshine, and think of the lines: ‘Grow old along with me; the best is yet to be, the last for which the first was made.'"
2. THE PATTERN OF GROWTH

When the partners met as a group at the Hotel Moraine in Highland Park, Illinois, in September 1947, it marked the start of the firm’s first fiscal year. It was also the beginning of a tradition of regular business meetings—their purpose to vote on management changes and to receive reports of the activities of the Policy Group, the firm’s coordinating and policy-making entity, now the Board of Directors.

In November 1972, all the partners convened in Nassau to commemorate the firm’s 25th anniversary, to review the progress of a quarter of a century, and to look ahead to the future under a newly-elected Managing Partner. Joining them were representative partners of member firms of Touche Ross International from many parts of the world.

The growth of Touche Ross is a remarkable phenomenon by any standard. It cannot be explained as an inevitable and automatic consequence of increased demand, nationally and internationally, for accounting and related services, although this is obviously a factor. The number of accounting firms has increased in absolute numbers over the years, despite the consolidation of many by mergers. Many of the firms have been content to serve clients on a local or regional scale. In 1947, there were only seven major firms in the United States, which over half a century had spread themselves nationally, bringing the resources of scale to serving most of the larger corporations. It seemed unlikely that there was room for an eighth firm.

Starting with a respectable list of clients, and ten offices in as many cities, the rise of Touche Ross to a commanding position was the result of an effective blending of at least two elements. One was the ability of the firm’s leaders to perceive and take advantage of the trends of the times, and their implications. The other lay in their talents and personalities. The combination provided the motive power for growth, and gave the Touche Ross organization its distinctive character.

Many men, some of whose names appear in these pages, have contributed to the development of Touche Ross. Interestingly, a number who were to be key figures in the firm’s growth were present at the first Partners Meeting. Starting with George Bailey, they provided the succession of managing partners and chairmen — John McEachren, Donald Bevis, Robert Beyer, Jackson Smart, and Robert Trueblood. Each proved to be a man for his time, and it is surely no small part of the firm’s genius for organization that it has continued to attract and develop talent which should provide young and vigorous leadership in the next quarter of a century. From this talent was chosen the next Managing Partner, Russell E. Palmer, age 38, to succeed Robert Beyer as the firm’s chief executive officer in 1972.

It was one of Bailey’s contributions to give Touche Ross its initial orientation to growth. His energies could not rest content with a comfortable status quo. His business acumen and promotional instincts saw the profit potential in generating growth, rather than waiting for it to happen. While his goals in 1947 were relatively modest, he recognized that the financial and human resources of a larger organization were essential to take advantage of new demands on the accounting profession and to keep pace with competition.

Smaller firms were unable to handle all the business that was developing, or to cope with its complexities. Many clients were reorganizing into larger, geographically dispersed units involving major financing and compliance with the intricacies of government regulations, such as those relating to the registration of securities with the SEC and to taxation. Traditional procedures in auditing and accounting were under attack, and required revision. New techniques were emerging, including new concepts of management services. Research and brainpower were essential to apply advances in science to the improvement of old procedures and the development of new ones. Training and recruitment of personnel, including specialized skills, were critical. Talent was in short supply and the search for it was highly competitive.

The times were thus ripe for mergers — but the rise of Touche Ross was the result of a more considered policy...
than simple quantitative expansion. Indeed, during the early years there were relatively few mergers, and in the period 1947-1962, when 19 new offices were opened, bringing the total to 29, only six of them were a direct result of the entry of ten new firms into partnership.

The opening of an office in Washington in 1957 bore testimony to the increased importance of the federal government to business and the accounting profession. The primary emphasis from the beginning has been, and continues to be, on growth through internal development and quality of service.

Bailey, who retired in 1959, could hardly have visualized, despite his foresight, the changes and requirements of the succeeding years. Yet, in a remarkable letter (page 27) to his partners, written in 1949, he outlined goals for the firm which he hoped could be achieved in five years. He wrote, “I want it to be large enough to be able to handle almost any client, although we may not rank in size with the largest firms for many years, if ever.” He went on to establish criteria of quality, which have guided the firm ever since, and are still pertinent. It fell to a new leadership, in particular to Beyer and his colleagues, to lead the firm into a new era of expansion.

By 1962, the partners had reason to be proud of what had been accomplished, but not to be content to remain “No. 8” among the national accounting firms. Further growth on a major scale was essential to sustain the buildup in research and training functions necessary to match competition without a fatal squeeze on profits.

In a speech at the 1962 Partners Meeting, Beyer, assuming office for the first time as Managing Partner, set new goals for the firm, and offered a detailed, long-range plan for their attainment.

Looking back from the vantage point of 1972, Beyer observed that it was a case of “grow or die.” Other firms could spend more money on things needed to keep a firm viable. “We had to broaden our base not just to keep up, but to move ahead.”

Growth by merger was only one part of the plan, but an essential element based on the admission of quality firms after a complete review of how they would fit into the overall picture. “Good people and good clients” were the key considerations.

Beyer, in his 1962 speech, emphasized some of the other steps essential to the firm’s progress, but most important of all, he declared, was the creation of a “firm image” which would distinguish it from all others:

“What is this image? I think the best one still is unattached to any firm on a national basis. This is the image of integrated services. Business is sick and tired of being regarded as an audit client, a tax client, or a management services client. Business wants service across the board on an integrated basis from one firm. Well, you may say, as many of the firms say, ‘We have offered all three of these services for years. What’s new about your proposal?’ Gentlemen, there is a distinct difference! I am talking about a service where every client is the topside responsibility of a partner of the firm who knows and understands in some depth the hopes and desires, the problems of his client — not only auditing, tax and financial problems — but also something about his manufacturing, his marketing, his engineering, and most of all — his general management problems. I propose we call this man the general service partner responsible for the account.

“Does this mean that we are to turn all our top technicians into generalists? Absolutely not! We must maintain a completely adequate number of top specialists in every field in which we operate, but we must also substantially increase the number of people who, while they may have an underlying specialty, can sublimate it to the requirements of being just plain good businessmen with good business sense.

“Now I think you will admit that we are not over-run with this type of man... We are faced with the problem of training our younger people for this goal. Further, we must look at ourselves and agree that an old dog can learn some new tricks. We must realize that if we can accomplish this task we will... have a growth pattern second to none.”

Beyer then showed a chart of the executive organization proposed to implement the new program. It represented, at that time in the firm’s history, an overhead startling in its size, and it is one index of the firm’s growth that the present figure is ten times as great.

Having pointed the way to achievements which seemed ambitious at the time, but which were far surpassed during the next ten years, Beyer concluded with a call to action based on motivation and enthusiasm as necessary ingredients in the success of any endeavor.

“In the words of Winston Churchill, ‘few problems can withstand enthusiasm and persistence.’” He added, with telling humor, “I will close with a quotation from Bob Beyer, which says basically the same thing, ‘All of us ought to get fired with enthusiasm, or we all ought to get fired — with enthusiasm!'”

Beyer strongly believed in the tremendous potential of the many distinguished professionals and outstanding intellects in the firm. How well his convictions were fulfilled is clearly reflected in the three graphs that accompany this
text. They show the growth in the number of offices, partners for the period 1947-1972, and the relative increases in revenues for the U.S. firm. Most revealing is the upward thrust that occurred in the last ten years.

When the 25-year history of Touche Ross is viewed as a whole, its quantitative growth may be readily divided between the periods before and after the Beyer administration. In terms of professional development and policies, however, there has been a continuous evolution. This is recorded in succeeding chapters dealing with the various functions; the structure of the organization; its people; and its contributions to the accounting profession.

Generally speaking, merged firms found their ability to serve clients and gain new ones increased. Touche Ross was strengthened by the addition of partners with diverse abilities and through widened representation both geographically and in new sectors of the economy. The resources in capital and manpower, which Beyer stressed, became increasingly available and were used to create a strong supporting executive organization.

From the beginning, practice development through internal improvement was a decisive factor. Increasing capabilities and innovative approaches in accounting and auditing, tax, and management services opened many doors. Often an engagement for one particular function led to an engagement for another.

While the application of expertise was the daily work of partners and staff in offices throughout the country, several partners in particular were pioneers in the development of techniques and functions during the 1950s. In accounting, it was William W. Werntz and Trueblood; in auditing, Bailey and Bevis; in tax, William K. Carson, Jensen, and Reames; in management services, McEachren and Beyer. The firm's reputation also was enhanced and its ability to attract clients increased by its leadership in certain fields. Men like Jacob Friedman and Kenneth Mages were experts in department store operations; William C. Waggoner and Allen C. Howard in mail order; Edward P. Tremper in aircraft; and others in banking and the automotive industries. The merger with Wayne Mayhew & Co. of San Francisco, with its background in food processing and distribution, was a foundation for continued growth and service to firms and cooperatives in agribusiness.

Still another avenue for growth became evident in the needs of small clients, many of them family-owned, that would benefit from a combination of services geared to their special requirements. The Integrated Services department of Touche Ross offices was developed to meet these needs.
When viewed in retrospect, it is strikingly clear that the firm's history has been characterized by an outstanding capacity to respond to change in highly dynamic and creative ways, affecting both practice and organization.

The scope and quality of its practice was influenced by:
- the development of management services as a major function, along with accounting, auditing, and tax functions, to an extent which is unique in the public accounting profession;
- the application of new techniques and concepts in auditing and management services based on mathematical and electronic sciences;
- emphasis on research within the organization and through grants to educational institutions, resulting in improvements in the firm's services as well as important contributions to the profession.

Developments in organization included the following:
- an international firm was established;
- programs were initiated to train personnel, to provide incentives and career opportunities, and to attract talent;
- the organizational structure was progressively modified — including the expansion of executive office departments serving all offices — to provide coordination, and to maintain a productive interaction within the framework of centralization and decentralization;
- through successive changes in partnership agreements, a uniquely democratic form of management was evolved, with inbuilt mechanisms to ensure adaptability to change and replenishment of top leadership.

In addition to the developments in practice and organization, the firm shared the advancement and tribulations of the accounting profession during the past 25 years:
- it participated actively in the work of professional organizations to raise standards, clarify principles, strengthen public acceptance, and enlarge the scope of the profession's services to society;
- it was involved in issues of legal liability, and worked to clarify the still-obscure areas involving the particular responsibilities to third parties of clients and accounting firms.

Behind these developments was the forceful influence of broadly experienced partners, who had different professional interests, abilities, and philosophies. The differences sometimes led to conflict, but they also gave vigor and the spice of variety to the life of the firm. Their collective wisdom, together with time and change, moved the organization forward with a shared sense of responsibility to its clients, its people, the profession, and society. This same attitude still pervades the organization and gives the firm its unique identity.
JOHN W. McEACHREN. At age 20, after a year’s experience as a cost accountant, he was placed in charge of the general books of a fairly large Detroit pharmaceutical company. One day in 1929, he went to see George Bailey to express his concern over an error in the federal tax accrual he had detected in an audit report of the company. It was a fateful meeting. The fate of the in-charge auditor is unrecorded, but thenceforward John McEachren’s life was entwined with the life of George Bailey and, ultimately, Touche Ross.

Bailey knew a good man when he saw one, and McEachren was persuaded to enter public accounting. He later recalled, "I thought of it as temporary, that I would get my CPA certificate and then go back into business." Instead, as pages of this history testify, he remained to become a partner, one of the founders of Touche Ross, its second Managing Partner, and its third Policy Group Chairman. He occupies a very special place in the annals of the firm and in the hearts of many of his colleagues.

While McEachren was highly qualified in accounting, he was not only interested in its techniques and applications but perhaps even more so in the potentials of management services, then termed “special services”. In this developing area, he saw exceptional opportunities for creativity and service to clients.

With equal zeal, he applied himself to structuring the organization, and to establishing programs which would attract, train, and motivate people. He believed that the sound way for the firm to grow was to increase the scope and quality of its services, and to exercise restraint and selectivity in effecting mergers.

Later, as Managing Partner and Chairman of the Policy Group, he became convinced that the continued growth of the firm, which was achieving international stature, required the transfer of its headquarters from Detroit to New York City, the world’s economic center. By 1960, he effected this important move, against the doubts of some of his colleagues.

McEachren came late to his leadership in the wake of the prolonged tenure of George Bailey, and had too short a time before his retirement at 65 to carry to fruition some of the policies he had espoused. Their soundness was recognized by his successors and no little of the firm’s present character had its origins in McEachren’s broad vision, humanity, and dedication.

Upon retirement from the firm, McEachren began a second career. He became chairman of the executive committee of the Children’s Hospital of Michigan where he had been a member of the board since 1950. He is a past-president of the Friends of the Detroit Public Library and also the Institute for Economic Education, organized by Detroit industry to promote mutual understanding between business and the public and parochial school systems.

A firm believer in age limits for active board memberships, he has resigned, or is about to resign, from all civic and philanthropic boards in which he has been involved. Since his retirement, the McEachrens have continued to reside in Grosse Pointe, Michigan, and he has been active in civic activities. He has the respect and affection of friends in business, professional, and civic circles, and of his former associates. At the mention of his name, they often speak of his kindesses, and the help he gave to many young men in advancing their careers. At age 74, he was heard to say that it may be time to retire completely. Then he can more fully enjoy his fine library and lead a less active life. If he really means it, all who know him will agree that he has more than earned it.
DONALD J. BEVIS. A professional among professionals, Donald J. Bevis was one of the founding partners of Touche Ross.

Bevis was born in Helena, Montana, in 1909. He graduated with distinction from the University of Michigan with a master's degree in business administration. He joined the Detroit office of Ernst & Ernst in 1934. In his association with George Bailey he acquired the mastery of accounting and auditing and the devotion to professional competence which has characterized his career.

During his many years with Touche Ross, Bevis shouldered a variety of important executive responsibilities, was a member of the Policy Group, and in 1961 became Managing Partner for the transitional year following the retirement of John McEachren. More than any other partner, he gave the impetus which led to the formation of Touche Ross International, and was its first Executive International Partner.

In 1971, although he had retired as an active partner, he was an advisory partner and the firm's full-time representative on the Accounting Principles Board of the American Institute of Certified Public Accountants.

A man of many interests, with an outgoing personality, Bevis is active in professional, business, and civic organizations. He has served on many Institute committees, has been a member of its Council, a vice president of the Institute and the American Accounting Association, and a president of the Michigan Association of Certified Public Accountants.
ROBERT BEYER. The staff expanded amid falling walls and showers of plaster, but the antiseptic aromas of a dentist's former office, where the practice began, lingered for several years! So, Robert Beyer remembers the early days of the Milwaukee office of Touche, Niven, Bailey & Smart, which he opened in 1948.

Beyer had joined Ernst & Ernst in 1936 after receiving his AB and a master's degree in economics and accounting from the University of Wisconsin, where he studied budgeting control and production planning on a Phi Beta Kappa fellowship. Later, at Northwestern University, he earned a B.S. in mechanical engineering.

He left Ernst & Ernst in 1947 to become executive vice president of a local corporation for a short period, but “I wanted to go with George Bailey” — a decision which carried him to the top of his profession.

Beyer modestly ascribes the success of the Milwaukee operation to the fact that he was born and raised in the city, and knew many of its businessmen. He admits, however, that “we worked day and night, and would stop only when we had to eat dinner.”

One day William C. Waggoner came over from Chicago to see how Beyer was making out. “Bob,” he observed, “your rent bill isn’t as much as our light bill!” Before long, however, the dentist’s former office had expanded to almost the whole floor of the building, and then to larger space in a new building.

“We were lucky,” Beyer recalls. “We obtained some very fine clients. Then we made up a list of a dozen or so more that we wanted to have. They all came with us, the last one soon after I had moved to New York.”

Beyer was made a partner of Touche, Niven, Bailey & Smart in 1950, and Managing Partner in 1962. He never forgot the lessons, learned early in his studies and reinforced by experience, of the importance of budgetary control and “watching the overhead.” Not the least of his many contributions to the success of Touche Ross is the system which helps maintain orderly growth with profitability.

Beyer's convictions about the social responsibilities of business and of the accounting profession, and his own distinguished career, were recognized in 1971 in his election as a trustee of the Committee for Economic Development. When he assumed his duties as president of the National Association of Accountants in the summer of 1972, he announced his intention to promote the development of social accounting by working to win the cooperation of accounting and business organizations.

Over the years, Beyer's efforts on behalf of the profession and the firm were reflected in numerous technical papers; his landmark work on profitability accounting; membership in business, professional, and civic organizations; and numerous speeches and lectures.

Deeply interested in professional education, he initiated the firm's expanded training programs in 1964. He has been a guest lecturer at Harvard Business School, and active in advancing the fortunes of his alma mater. In 1970, the University of Wisconsin established the Robert Beyer Professorship in Managerial Accounting, thus fittingly perpetuating the name of one of its most noted sons for generations to come.

Beyer will continue as Executive Senior Partner and a member of the Board of Directors of Touche Ross upon his retirement as Managing Partner. He and Mrs. Beyer reside in New York City and Colorado Springs.
JACKSON W. SMART. In his ability to see the problems of a business as a whole, and to earn the confidence of his clients as a financial adviser, Jackson Wyman Smart early exemplified today's broadened concept of the role of the accountant.

He followed a family tradition by joining his father's firm, Allen R. Smart & Co., in 1920 after service in World War I and graduation from the University of Michigan. When his father died in 1940, Jackson Smart took charge. His reputation grew in accounting circles and as a figure in the Chicago business community.

From 1947, when he merged the firm with George Bailey & Company and Touche, Niven & Co., until his retirement in 1963, he was active in the administration and policy making of Touche Ross. He was Chairman of the Policy Group in 1959-1961, and as Partner In Charge of the Chicago office for many years, was responsible for important client relationships, a number of which he initiated. These relationships continue today.

Smart had numerous business connections outside of his profession. He was active in the AICPA and served as president of the Illinois Society of CPAs. He gave time and support to civic and charitable organizations, and in particular to problems of young people. When he retired to Palm Springs, he was active in behalf of the Boys' Club and in the affairs of the local hospital.

Smart's personality endeared him to many friends and colleagues, and his professional abilities earned their respect.

One of them wrote in a tribute after his death in 1971: "He had a broad knowledge of taxes, accounting, finances, and business in general, and he knew almost everybody in town. . . . Outside the office he was a great golf companion, storyteller, and card player. His laughter was infectious. . . . he was a wonderful host."

Another colleague remembered: "He demonstrated a marvelous balance among his business and professional, his civic and family responsibilities. . . . His enthusiasm in meeting a challenge was contagious. His continued admonitions about client service left an indelible mark on me." The colleague paid this final salute: "For 13 years of professional development under his tutelage, from college recruit to partner, and for his counsel in later years, I am forever grateful. I am dedicated to continuing the heritage of Jackson Smart."
ROBERT M. TRUEBLOOD. Philosopher, theoretician, humanist — he is all three, powered by a practical compulsion to get things done.

Robert M. Trueblood likes to introduce himself by explaining that he is a “maverick.” The term well describes the free-ranging mind of a man who bears no brand but his own. He is above all an individual.

Trueblood earned his BBA with distinction from the University of Minnesota. His decision to enter accounting was on advice of the University’s testing service, when illness in his family indicated that he should give up the study of music and prepare for a “practical” career.

After graduate work at Loyola and Northwestern, he was employed by the accounting firm of Baumann, Finney & Co. in Chicago, where he helped edit the Finney series of accounting textbooks. Then came World War II and service in the Navy, from which he emerged as a lieutenant commander in Cost Inspection Services. Later, as an unpaid civilian consultant, he helped establish improved financial management systems for the U.S. Air Force.

In 1947, Trueblood was in charge of the Pittsburgh office of Allen R. Smart & Co. With the merger he began his career with Touche, Niven, Bailey & Smart, which led to his chairmanship of the Board of Directors in 1963. He still holds that position, having been reelected in 1972 by the partners for another three-year term.

Trueblood’s many contributions to the profession include his work in statistical sampling, the promotion of closer relations between the academic world and the practicing profession, and his continuing leadership in efforts to clarify accounting principles and objectives.

Trueblood’s early association with the Carnegie Institute of Technology, which led to his coauthorship of Sampling Techniques in Accounting, resulted in his selection by the university in 1960 as Visiting Ford Distinguished Research Professor under the sponsorship of the Ford Foundation.

During a fruitful sabbatical year, he arranged seminars of educators and practitioners for the discussion of the educational requirements for the profession. He wrote The Future of Accounting Education and participated in the development of management games based on computer simulation of the total business environment, including auditing. Another book came from this work: Auditing, Management Games, and Accounting Education.

Trueblood has received many honors, including election to the presidency of the AICPA, the Institute’s Gold Medal, and the University of Minnesota’s Outstanding Achievement Award. During the Johnson administration, he was named to the President’s Commission on Budget Concepts.

Apart from his years in direct practice, and his counsel as National Director of Accounting and Auditing, his influence on the policy making of Touche Ross has helped set the style and character of the firm.

His sense of the social importance and intellectual excitement of the profession is often expressed in highly articulate fashion: “In the world of ideas, there have always been new frontiers. And in accounting today, there are ever new frontiers to be surveyed.”

The new frontiers must be sought because, as Trueblood sees it, “You and I are living at a time characterized by an upward sweep in the expectations on the part of the people of all professions.”

Above all, he stresses that “Touche Ross is people... The innovator, the creative professional, must have an environment in which his interests are encouraged, outside the straitjacket of administrative sterility. The creative coloration of our firm comes from such men.”
A CHARACTER FOR THE FIRM OF UNCOMPROMISING INTEGRITY

On March 9, 1949, some 18 months after the formation of Touche, Niven, Bailey & Smart, George Bailey addressed an interoffice memorandum to “partners and others.” In it he set forth “my goal or ideals with respect to the firm . . . so that all of us may have a better understanding of what I should like to see accomplished. If we can agree on the philosophy, then the goals ought to be more readily attained.”

He went on to outline what “I hope to have five years from now” and listed 13 objectives:

“(1) A strong group of active partners, managers, and supervisors. By strong I mean as able as any in the profession, and I want them to be active, working, and, constantly contributing their talents.

(2) An executive partner who can continue to build, not just conserve.

(3) Offices in the necessary locations for proper handling of work.

(4) A fine group of young men of partnership caliber so that we will always have adequate replacement within our own ranks.

(5) A sound staff at all offices.

(6) A research department for review of outside reports, our own reports, and similar studies and activities.

(7) Proper firm policies on each major activity with manuals and bulletins.

(8) A strong special services department.

(9) Proper community standing for each office.

(10) A strong and well-regarded tax group.

(11) Sound policies that will be fair to all. This means the determination to have policies that are sound for the long pull in the building of our firm as an accounting organization.

(12) Policies that will keep our firm young and aggressive, that will get the best men to the top, that will keep compensation flexible to meet changing contributions and be fair to all.

(13) And a character for the firm of uncompromising integrity in our work, willingness to work for the best and be satisfied with nothing less, and to give and require the highest character, standing, and performance from each of us.”

Bailey then concluded:

“If we reach these goals, it will be because we have all worked hard and because we have a strong, sincere, hard-hitting team where all members work together with confidence in each other, and who enjoy that work and that association.”
3. THE NEW ENVIRONMENT OF ACCOUNTING AND AUDITING

In examining the effects of a changing environment on the accounting profession and on Touche Ross, a logical starting point is a closer look at the response of the accounting and auditing function, which constitutes the heart of the firm’s practice.

The changes which marked the 1950s became explosive in the next decade, and have had a far-reaching impact. The expansion of enterprise which had followed the end of World War II erupted with new bursts of energy into the creation, through hundreds of mergers, of large and complex organizations of capital and facilities in all sectors of the economy. Problems of management multiplied, including those of conformance to government regulations respecting the issuance of new securities.

The size of the shareholding public increased greatly. Concurrently there developed an intensified demand for more information to guide investment decisions and a readiness to involve accounting firms in legal claims over losses allegedly suffered from inadequate disclosure.

The response of accounting firms to these pressures required a great increase in the amount of documentation in auditing procedures, and an increased emphasis on the review of reports to assure their adequacy. The profession, through the AICPA, accelerated efforts to define and set forth auditing standards and accounting principles.

During the eventful decade of the fifties, the Touche Ross accounting and auditing practice developed its present distinctive character and form. The foundations had been laid from the firm’s beginnings by an emphasis on fundamentals. The response to new pressures, moreover, involved a choice of direction which expressed the philosophy and personalities of the firm’s leaders.

The growing complexities of auditing, and the burden of documentation, invited what could have become an undue emphasis on mechanics — a regimented organizational approach which would leave little room for individual judgment and personal development. The problem, as Touche Ross policymakers saw it, was how to extend the area of judgment so as to develop “thinking auditors.” They regarded this as the right course, however difficult, because clients were calling for services of greater depth and scope than had traditionally sufficed. This required a business approach to auditing: it meant that Touche Ross auditors would have to be trained and equipped to audit not merely the books but the business. Implicit in this concept was the assumption that the auditor has mastered the mechanics of an engagement so that he is free to acquire a knowledge of the company—products, its personnel, its financial requirements—and of the industry and the economic environment in which it operates. The goal was to help him achieve, through experience and firm policies, the status of a respected professional adviser to management on finance-related problems and objectives.

The foundations for the development of such personnel — in the numbers required by the worldwide expansion of business and public services — had been established by George Bailey and such associates as Bevis and Werntz, who had a sure instinct for future needs and a deep belief in the profession’s mission.

Bailey early took steps to establish quality controls over the auditing function and to unify the approaches of the three original firms. His goal was a common and distinctive stamp of quality on every audit. In each office, a Report Review function was set up, whereby each audit was scrutinized independently of those who had performed it. He required that the details of auditing judgments be spelled out in memoranda for the files, rather than be left unrecorded, thus summarizing in one place all the information a reviewer needed. “Cold reviews” by partners outside a local office were instituted to make certain that filings with the SEC would be acceptable.

Early in the 1950s, “integrated auditing programs” became standard practice, involving a study and written report of a client’s internal controls. While such surveys had been made, as written documents they supported the auditor’s judgment by establishing and formalizing the scope of an audit. A beginning was also made under Hans J. Shield in the preparation of manuals as guides to
Touche Ross offices around the country are handsome and comfortable, providing the most advanced facilities in attractive settings. Offices shown here are: Newark (top right), Boston (center right), Los Angeles (lower right), San Francisco (below), New York and Executive Office (above and top and center left), and Chicago (lower left.)
A standard method of preparing and keeping working papers was inaugurated. Basic training programs were organized for new staff members.

As the firm grew, and the complexity of auditing problems increased, technical departments were formed in the larger offices, and regional technical centers were established to which all offices, in particular the smaller ones, could look for assistance. The regional centers have since come to assume the additional function of quality control, serving an intermediate role between the national and local offices.

As indicated in the preceding chapter, awareness of the changing environment and its implications for Touche Ross was foremost in the thinking of Beyer and his colleagues when he assumed office in 1962. Concepts which had been taking form for several years were now implemented, and the development of all functions and of organization was pressed.

One of the significant steps was the implementation of a series of Task Force Reviews — in effect a nationwide survey — to search out information on the status of the accounting and auditing function in the firm's offices.

As expected, the survey revealed some variation in the approaches and administration of engagements. The differences were a natural outgrowth of the firm's expansion — both through mergers and the increased diversity of clients. The studies disclosed that not only were large clients growing larger, but also that the client base was changing radically. The number of small clients was increasing, representing a larger share of the firm's practice, multiplying problems of reporting, and calling for a variety of services. The breadth of industry coverage was widening, creating a need for greater expertise in different industry categories. At the same time, this expertise was confined to isolated islands of information, concentrated in separate offices with little coordination and exchange of information.

Under these circumstances, it was evident that comprehensive measures were necessary to establish and maintain uniform standards of procedure, and to keep pace with changing techniques and client requirements. Today's training programs are one of the outgrowths of the policies which developed from the Task Force Reviews. The meetings are held locally, regionally, and nationally.

During the past several years, the national staff of the accounting and auditing organization has assembled and published an extensive series of guides and manuals which cover all aspects of the accounting and auditing function, and which are kept up to date. In effect a "Five Foot Shelf," they cover the policies, the procedures, and
the folklore of the firm. They are the physical embodiment of the "building blocks" concept.

There are four primary groups of building blocks, all interrelated, and all subject to change and addition as circumstances require. Thus, they form a conceptual framework as well as the resources for the orderly development of the audit function.

The groups and their major components are: auditing methodology and tools (programs and questionnaires, working papers and forms, scientific auditing techniques); research resources (manuals and guides, firm pronouncements, and other sources); training programs; and quality control programs.

One of the elements in the first category is a manual of "core programs," basic steps for conducting audits. These resulted from an ad hoc research committee of the firm's top technical people which made an extensive survey in 1966-1967 of audit programs used in Touche Ross offices and by other leading firms. The study revealed a common pattern in all audits, despite individual differences. This pattern is outlined in the core manual in a format which readily can be modified to meet the circumstances without the time-consuming necessity of formulating a program from the ground up for each audit. In planning the program the auditor will satisfy himself as to the nature and adequacy of the client's internal control, and then decide how extensively and by what techniques the various steps in the audit should be performed. He may elect to use statistical sampling. He may use STRATA, a software technique developed by the firm for the evaluation of a client's computer records, without calling on computer specialists to locate, retrieve, and manipulate any data in the files. He can turn to an Industry Manual for pertinent special information. In effect, he is supplied with road maps and guide books to assist in making his decisions before, during, and after the audit. The fact that he is required to think for himself and to make decisions between alternatives, rather than to follow a fixed and imposed routine, is the essence of the Touche Ross approach.

Although all audits are subject to reviews, each member of an audit team, from assistant to partner, must stand on the judgments he makes at his level of responsibility. In the process, the capabilities are developed which create a new status for the auditor.

In the eyes of his client the auditor becomes a professional whose role is not merely mechanical. Trained to think of a business as a whole, he will detect and report on factors bearing on a company's profitability and other financial objectives.

The scope of information at the auditor's disposal is indicated by the contents of the manuals and other reference sources.

The Accounting and Auditing Practice Manual covers such subjects as the procedures to follow in planning and conducting an auditing engagement; relationships with clients; internal review procedures; office controls; investigation of prospective clients; and relationships with SEC and other regulatory bodies.

The Report Writing Manual prescribes the way in which financial reports should be prepared in order to establish and maintain the firm style and "image." Another manual serves as a guide in developing and presenting recommendations, following an examination of a company's accounting controls or other financial aspects of its business. The Accountants SEC Practice Manual is a reference work by Howard L. Kellogg and Morton Poloway on the complexities of filing registration statements, which continue to be the subject of "cold review" by partners outside the office involved. The Industry Manuals incorporate the expertise of different partners in the special problems of manufacturing, distribution, banking, and other sectors of the economy.

Among other publications are the components of an "Auditor's Tool Kit" containing technical information on the applications of statistical sampling, audit EDP, and STRATA.

In addition to the foregoing, a model library of books and periodicals on business, economics, taxation, management, industries, and other economic subjects, provides a source of reference in every office for study and planning.

Because of the constant and rapid change affecting accounting and auditing decisions, basic manuals are not sufficient. They are supported by a continual flow of information, collected and disseminated by the National Staff. Much of this is cataloged and made available in the Topical Index system, a reservoir of organized reference material.

The Accounting and Auditing News and SEC News are further means of keeping posted. Thus all personnel receive pertinent information at the same time and are expected to react to problems in much the same way.

Viewed as a whole, the accounting and auditing practice of Touche Ross today is a dynamic process: its one objective is to maintain high client service capabilities; its focus is on the individual and his performance. A living system, it is constantly renewed by the recruitment of young talent through training, and forward-looking research. Sustained by rigorous quality controls, it is
administered by the national accounting and auditing organization.

Quality control, "the auditing of the auditors," is exercised at the local level through report reviews; at the regional level through the technical centers; and nationally through task force reviews.

In large engagements, the work of an individual office is supplemented by a partner from another office who is assigned certain continuing responsibilities in connection with the client. He has no direct responsibility for quality control, nor for the technical work of the partners involved in the engagement or in reviews. However, his special knowledge of a particular function, his familiarity with a given industry, his experience, and in some cases, his status as an expert in the firm or as a leader in the profession, provide extra assurance to the client of personalized and highly competent attention to his needs.

The increasing complexity of the accounting and auditing practice has been reflected in the evolution of the national organization under such men as Robert Trueblood, E. Palmer Tang, and John D. Crouch. Together with them, other partners serving as national directors oversee various aspects of the function. Their work is carried out with the assistance of a number of committees and staff. These national directors and other partners serve on an accounting and auditing executive committee, a technical policy committee, an audit operations committee, a forward concepts committee, and an international audit practices committee.

The forward concepts committee is an instrument for implementing the firm's commitment to internal research in accounting and auditing, and for cooperation with academic researchers. In 1972, the committee's program included studies looking toward advanced applications of statistical sampling, audit EDP, and the development of new techniques in operational auditing and accounting for social costs.

The combined effect of Touche Ross accounting and auditing programs is the capability to provide business-oriented services in depth to new clients, as well as those of long standing, whether small or large. The judgmental and technical abilities which Touche Ross seeks to develop throughout the organization are typified by the general service partner in charge of an account. He will have contacts not only with the financial executives, but with the operating heads of a client's organization, with whom he may discuss problems and objectives. As needed, he can draw on the assistance of management services and tax experts. His recommendations, therefore, are the considered views of the firm, as well as his own. They are respected by top management because they also reflect the general service partner's personal insights, judgment, and integrity.

The accounting and auditing function today is the focal point of many pressures of social and economic change to which accounting firms must respond. The business and financial community, for example, is less interested in reports of the past performance of corporations than in having an accounting firm attest to a management's estimate of the company's future prospects, particularly in connection with financing. There are unresolved questions within the profession as to how, if at all, standards should or can be developed to provide a reasonable guide to investors with respect to forecasts. In the Touche Ross view, some acceptable solution will have to be found, even though it will necessarily differ from a report based on historical facts.

The credibility of financial reports is questioned more frequently than in the past, partly as a result of the difficulty of establishing accounting and auditing standards which will stand every test in dealing with the complex realities of modern business. Wherever the profession's standards seem inadequate, Touche Ross adheres to its own rigorous standards of professionalism. For example, no client is accepted without a searching investigation to determine if the relationship can be one of mutual trust. If, as rarely happens, Touche Ross finds that its decision was in error, the firm will withdraw from the engagement.

In all engagements, recognizing that there are alternatives in preparing a financial report in accordance with "generally accepted accounting principles," Touche Ross will insist on that alternative which will give a fair presentation and full disclosure of all relevant information.

Touche Ross takes the position that continued public faith in our system of business enterprise requires the exercise of mutual responsibility to the public on the part of clients and independent accounting firms. To that end, it joined in efforts to improve cooperation with the business community by sponsoring an objective study of the responsibilities of corporate audit committees. These committees are growing in number and are being advocated by the SEC. A second study, on the liability of corporate directors, is under consideration.

Most promising of all developments to assure the setting of standards by independent and responsible sources outside of government is the work of the Trueblood Commission on the Objectives of Financial Statements, and of the Wheat Commission on How Accounting Principles Are To Be Established. Their progress is recounted in Chapter 10.
TAX LETTER
No. 72-22
August 2, 1972

STRicter rules for owners of vacation homes

Recent regulations under Code section 183, the hobby-loss provision add a new, sophisticated control on losses from personal use of the home. The regulations are being administered in a way that requires taxpayers to take a number of steps to prove they have not profited from the personal use of the home. This is a departure from the approach taken under the earlier regulations.

For more information, we recommend contacting a tax professional.
4. EVOLUTION IN TAX PRACTICE

While change has characterized every aspect of the firm’s practice in the years since its formation, the difference between “then” and “now” is most dramatically evident in the tax function.

The growth in the size and complexity of business organizations, the proliferation of tax laws, regulations and interpretations, the advent of new rulings on an almost daily basis, the development of electronic data processing — all have combined to revolutionize the nature of tax practice and to call for a new breed of professional tax consultants.

A significant part of tax practice used to be the preparation of tax returns. Today, more and more clients, aided by computers, prepare their own returns — but the burden of taxes and the complexity of the rules have increased substantially. Our clients, now more than ever before, look for a service which emphasizes advice to achieve tax savings consistent with sound business planning and practice. The tax man now takes on the status of a consultant. What are likely to be the tax consequences of contemplated courses of action? How can a desired objective be achieved most advantageously?

The Touche Ross tax consultant must not only be able to sort out from the vast and complex body of tax laws and rulings what is relevant to a particular case, but he must also have a clear understanding of the client’s business.

The firm has had to find and train candidates with a special combination of qualities. Not every prospective candidate from business school has the temperament for present-day tax practice. It requires a searching analysis of the details and ramifications of myriad rules and exceptions, and the ability to perceive ways in which financial projections and business objectives may be accommodated to them. The tax consultant must combine the profit-mindedness of the client’s chief executive with interpretive and negotiating skills.

The men who are qualified find that the work is not circumscribed by mental exercises nor by the occasional drudgery which is a part of all disciplines. As the firm describes some of the opportunities to interested students: “Today you will be assisting a client to go public, tomorrow you will be involved in a merger transaction. Next week you will be asked to evaluate the tax implications of a major expansion move.”

It is illustrative of the profound changes which have occurred in the business world and in the accounting profession that the specialists of Touche Ross in the technical functions of accounting and auditing, tax, and management services, each calling for different kinds of men with different skills, have arrived at the common goal of being businessmen as well as professionals of high technical competence.

If a tired CPA tax practitioner in 1947 had outslept Rip Van Winkle, on awakening today he would not recognize tax practice as now conducted by Touche Ross. The difference, while dramatic in appearance, was not an overnight change, but the result of steady and dedicated work over the years.

The ever-increasing significance of taxes in the post-World War II era made clear the need for strength in tax services. For a number of years after the merger, the tax function was led on a relatively informal basis by Wallace M. Jensen, whose distinguished career in the tax field was such that he was an acknowledged leader within the profession.

At the Partners Meeting in 1956, the growing challenges to the tax function were the subject of special attention. Tax partners from the various offices held a session to consider staff improvement, the exchange of information, and the utilization of available data. The need for training throughout the firm was emphasized. At the meeting, the partners went over the draft of a brochure on tax planning, the first of many such publications to be issued in later years. The session was a landmark in the sense that it clearly delineated needs which over the years have ultimately been filled. Shortly after, Donald C. Wiese joined Jensen as a full-time assistant. The need for a tax man in Washington to serve as liaison with the Internal Revenue
Service was filled by the transfer of W. Keith Engel from the Detroit office.

In later years, the tax function was progressively formalized, along with other changes in the firm’s organization. A committee of tax partners assisted on ethical, technical, and training matters. A structured approach was developed for the review by certain partners of the tax work in offices. A training program was established on a national basis, with courses on a wide range of tax subjects. Manuals were prepared and kept up to date on a number of technical and procedural subjects.

The importance of communications and the exchange of information among offices was brought to practical application by the development of what is now known as the Tax Information System. Through the systematic transmittal of memoranda, correspondence, published rulings, and comments on developments, each Touche Ross person concerned with tax matters has the benefit of what has been well described as “organized access to the total practice of the firm.” The Tax Letter keeps the firm and its clients advised of interesting developments in tax affairs.

With the growth of Touche Ross International, additional assistance became available to offices serving clients with international interests. The firm has a staff of international tax specialists available to support offices throughout the organization. In cooperation with the International Executive Office, information on the varying and changing tax rules of different countries is provided through the International Report, published at frequent intervals. Courses on tax problems of operating in other countries are included in the firm’s training programs.

As with other functions of the firm, the present stature of the tax function rests on the contributions of many dedicated men. In the early years, the development of the tax function was strongly supported by such able partners as Wallace Jensen, as well as William K. Carson and Kenneth S. Reames. Others in important national roles, making important contributions are Neil R. Bersch, Eli Gerver, Carleton H. Griffin, John D. Hegarty, Jr., and Gerald W. Padwe.

At the Partners Meeting in 1956, the formal organization of the tax function was established. Today the Tax Committee, under its National Director, sets policy and direction for the function. Wallace Jensen, William Carson, and Kenneth Reames (right) gave able support in the early days when the firm was organizing the tax function.
"Special services," as a function of accounting firms, had developed over a number of years as a natural outgrowth of familiarity with clients' operational weaknesses and needs gained in the course of normal auditing and accounting investigations. Accounting firms were able to assist clients in the installation of systems for cost accounting and inventory controls, production scheduling, budgeting, and forecasting. After World War II, operations-research techniques, involving the use of computers and mathematical sciences, provided new tools to aid decisionmakers in industry and in organizations of all kinds, private and public.

John McEachren had long been attracted by the potentials of special services, and was intrigued by the new opportunities which were opening. From 1947 to his retirement, he gave the support which laid the foundation for the present leadership of Touche Ross in management services.

When the 1949 Partners Meeting was held, the function had already been departmentalized with a small staff. McEachren, in reporting on its activities, urged the partners to recognize the potentials of special services work for expanding the firm's practice, both in its own right and as a door-opener to auditing engagements.

By the mid-fifties, the growing attention being paid to management services was reflected in internal publications and in a national conference held in 1955. Specialists from the Detroit office were available to other smaller offices for management services work.

In the same year, the Policy Group launched a significant new activity — a project for research "in the new fields of operations research, mathematical models, statistical sampling as applied to auditing and business systems, linear programing, and electronic data processing." It was decided that "the activity would be directed primarily to: (1) review of new concepts and techniques as they are developed within our own firm and as they are made known by others; (2) exploration and development of these concepts and techniques so that they can be applied by more of our people to practical client problems; (3) oral and written dissemination of the results of these efforts."

Recognizing that the firm then lacked adequate knowledge of computers, it was further decided to add an expert to the staff and to set up a department for research and development in applications of electronic data processing. Roger Crane, a graduate of the Massachusetts Institute of Technology, and widely recognized as an authority in the field, became the head. Designated the Management Sciences Department, it pursued a course parallel to the Management Services Department until 1962, when the two were combined.

Throughout the world of industry and finance, managements were looking for assistance in dealing with problems of growing complexity involving operations and objectives. Men like McEachren, Beyer, and Trueblood realized that if accounting firms did not help meet management's needs, others would preempt the opportunities. Their thinking gave a significant new direction to the firm's practice, and greatly extended its ability to serve a wide range of clients.

At this time, there were only three management services partners. It was evident that if the full potential of the management services function were to be realized, a revolutionary change was called for in the way an accounting firm thought of its functions, and in how its members thought of themselves. It required the recruitment of new kinds of people, the development of a cadre of specialists, and the education of personnel.

Donald W. Jennings, who had joined the firm in 1951, and who became National Director of Management Services in 1962, applied to the development of the consulting practice, ideas and insights he had gained in previous industry experience.

Under Jennings, a five-year plan was activated, followed by a second, with the result that by 1972 the number of management services partners and staff members had multiplied. Their professional backgrounds covered a wide range of specialization including engineering,
mathematics, economics, psychology, the social services, and accounting. The function had earned a status within the firm on a level with the traditional functions. As circumstances required, some management services partners assumed audit and business management responsibilities, exemplifying the firm’s commitment to broadly-oriented services. Through training and experience, men were finding personal fulfillment in management consulting as a career.

From the beginning, the Touche Ross approach to management services has emphasized practicality and assistance to clients in implementing recommendations. Investigations are conducted at all operational levels. Members of a consulting team work in foundries, stamping plants, and mines, ride garbage trucks, or share the routine of policemen on their beats to gain an insight into the realities of a given situation.

As a result, recommendations frequently incorporate practical suggestions for savings and efficiency from employees who may be low on an organization totem pole. Programs developed in this way are likely to work because they are realistic. Most importantly, the firm’s commitment does not stop at recommendations. The personnel who do the detail work usually stay on to assist in the installation of the new procedures.

In a period of ten years, the demand for management consulting services in the private sector alone has involved Touche Ross in innumerable engagements with large and small firms, in a great variety of problems and in different industries. The scope of its practice was as diversified as the national economy, and included: manufacturing and heavy industry; food manufacturing and processing; small industries; financial institutions — banking, brokerage, and insurance; airlines, hotels, and travel agencies; and the distribution industries — retail and wholesale.

In 1962, the firm undertook an engagement which led to a rapid expansion of its management services practice outside the field of business and industry. Karney Brasfield who had headed the Washington office since it was opened, saw the significance of the expansion of government at federal, state, and local levels, into the field of social services. He recognized that the same needs existed in the public as in the private sector, and that it was only a matter of time before the same scientific methods would be applied in highly practical ways in all areas of management.

What has happened so far is clearly only a beginning. The continued expansion of private enterprise in the United States and abroad, the growing industrialization of many nations, and the problems of administering public services offer great opportunities to the dedicated professionals of Touche Ross around the world.

During 1964-1966, Colorado, Washington, and Virginia were added to New York in a growing list of state clients. By 1972, Touche Ross had served a total of 45 states and territories. Work for states, which initially consisted largely of recommendations related to the use of computerized systems in overhead operations, evolved during 1967 and 1968 into more substantive projects concerned with such problems as restructuring welfare systems, law enforcement, highway safety, alcoholism and drug abuse, and driver and vehicle licensing systems.

In 1968, a major assignment from the U.S. Department of Labor was a benchmark of progress in serving departments and agencies of the federal government. They include the Departments of Commerce, Health, Education, and Welfare, Housing and Urban Development, Defense, the Post Office, and executive agencies — the Agency for International Development, the Civil Aeronautics Board, the General Services Administration, and the National Aeronautics and Space Administration.

In addition to federal and state government, cities have enlisted the firm’s services in a number of engagements. Typical of the scope and importance of work with cities are recent projects in such municipalities as Detroit, Atlanta, Newark, and Jacksonville. They encompass analysis, planning, and implementation. They include such areas as administration, finance, law enforcement, urban development, housing, social welfare, education, health, and the disposal of solid and liquid wastes. The firm’s expertise grows with successive engagements.

The practice of management services at Touche Ross in the 1970s brings to reality the vision of John McEachren. He wanted to see accounting firms expand their usefulness by helping clients improve the operations of their businesses. He recognized that the same needs existed in the public as in the private sector, and that it was only a matter of time before the same scientific methods would be applied in highly practical ways in all areas of management.

Management consulting today has no boundaries. At one time it served industry almost exclusively. More recently the public sector has been deriving the benefits once reserved for the private sector.
Just as Touche Ross has responded to the complex needs of corporate giants by developing highly sophisticated expertise in accounting and auditing, tax, and management services, it has moved to meet the requirements of innumerable family-owned or closely-held businesses. These are the enterprises, operating by the thousands in communities throughout the United States, that constitute the broad base of the economic system. While they are generally technically competent in their fields, they may be limited in accounting capability and financial planning.

These closely-held businesses operate as corporations, "sub-chapter S" corporations, and partnerships. Their owners need accounting, financial, and tax advice, not only for their businesses but also for their families' estates, trusts, real estate joint ventures, and other entities in which they have an interest. A good many are ambitious to grow, and a number of them in time evolve into major, publicly-held corporations.

From the beginnings of Touche Ross, such entities have been among the firm's valued clients. In recent years, their numbers have greatly increased as a result of mergers and practice development. This led to the formation in 1968 of an Integrated Services department in order to meet the needs of such clients on a structured basis. A concept and philosophy which has long applied to all the firm's traditional activities became a function in its own right. The first department was established in New York under Charles Bloom, National Director of Integrated Services, followed in Los Angeles under David Amsterdam, and in San Francisco under Ulrich Kraemer. By 1972, similar departments had been organized in seven additional offices, and their practice, through merger and internal growth, multiplied ten times.

A typical IS client seeks a management-oriented service from a competent professional familiar with his business — a person with whom he will have a direct and personal relationship to assist him with management problems. He wants independent and objective advice on such matters as how to increase after-tax earnings, how to finance growth, how to develop prices, or how to protect the future, either by ensuring the continuity of the business, or by sale or merger. The IS partner is a general practitioner, able to deal personally with most problems, or to call upon others in the firm for assistance when necessary.

The Integrated Services department provides a complete accounting service, geared to the client's needs, including auditing, tax preparation, planning and examinations, systems reviews, and financial planning. The Touche Ross partner works within the framework of firm policies and organization, and for the benefit of the client, will utilize the firm's resources in audit, tax, and management services. Touche Ross standards of quality control are applied in the preparation of working papers and in report reviews. Year-end audit reports comply with standards consistent with various reporting requirements that are important to a client who is thinking of going public or effecting a merger. Similarly, the knowledge and experience of Touche Ross industry committees, and of firm specialists in mergers, acquisitions, and financing, provide valuable services to clients with growth aspirations.

The growth of the firm, as well as the growth of the economy, depends on the multiple sources of enterprise which proliferate at local levels. New concepts, new industries, and new businesses are coming into being — in areas such as medical and health care, pollution control, graphic scanning, and the leisure industry.

When a client develops and requires more extensive services than provided by the local IS department, he may draw upon the services of other departments. In the relatively few years of its existence, Integrated Services has referred considerable work to other departments. IS clients in 1972 numbered several thousand, many of which have substantial growth potential.

The Integrated Services practice attracts many who enjoy the person-to-person relationships with owner/managements, and who are stimulated by responsibility for clients with a variety of problems and objectives.
The success and continuity of a professional firm depends on its people, and on the continuing renewal of this asset as time and change take their inexorable course. Recognition of the vital importance of adding people to meet the needs of growth and developing their skills, has made the personnel function at Touche Ross what it is today — a total firm effort.

In the firm's early days, recruitment was not highly organized. Visits were made to a limited number of universities where some of the founding partners had established contacts with a few key professors. George Bailey's close friendship with Professor William Paton of the University of Michigan resulted in the employment by the firm of many Michigan graduates, a number of whom became partners.

In the beginning, training efforts were limited in scope and content, compared to present standards. One of the first training programs was conducted in unfinished office space in the building occupied by the Chicago office before its recent move. Edwin Heft, then an audit supervisor, was one of the instructors in this early training effort. The content of the courses was designed to cover material suitable for young college graduates.

As the firm continued to grow, it was recognized that greater attention to recruitment was necessary. Henry Korff, now National Director of Personnel, transferred from Chicago to the Executive Office to head an enlarged national college recruiting program.

The program was further expanded in 1967 with the addition of four regional directors of recruitment. Within the organization, recruiting activities are now all-pervasive. The system of interviews, relations with faculties developed over the years, and the firm's reputation — created by the contributions of its partners to the profession through various organizations and publications — all contribute to the effort. In 1972, approximately 10,000 interviews were conducted with students in more than 350 colleges and universities, indicating the national scope of the firm's recruitment activities. This represents a significant increase in the allocation of resources in time and money to satisfy the need for people in an expanding professional firm.

Closely related to this recruiting effort, and in furtherance of its relations with the academic world, Touche Ross, in 1965, instituted a series of seminars on accounting topics for professors. Since then, about 250 professors from more than 200 universities have attended.

A few years after the formation of the firm, Donald H. Cramer joined the Executive Office, then located in Detroit, and had as one of his early assignments the improvement of training efforts. Progress was made by moving classes to the campus of Morgan Park Military Academy in Chicago. Cramer improved the scope and the quality of the training programs, along with the environment, when more suitable facilities were arranged at Northwestern University. These programs culminated in a series of supervisors' conferences, held at the Homestead in Virginia for a number of years. They represented a major step forward in the evolution of the firm's training activities.

Further development took place in 1964 when three types of training were inaugurated: national conferences, local office programs, and on-the-job training.

Building on the progress of earlier years, a major restructuring of training activities was initiated in 1968 by Korff and Ernest J. Pavlock, National Director of Education since 1967. In the ensuing years, four full-time members were added to the national education staff. Programs currently offered cover technical material in depth, and include comprehensive sessions in the behavioral sciences, with the goals of building both management and technical skills in all professional staff members.

The Chicago office has also made a contribution to improving the environment of training activities. It was instrumental in helping design and build in 1970 the firm's first new professional development center, which symbolizes the progress that has been made since the first classrooms. The main components consist of two rooms, each with rear-view screen projection capability. One
The recruitment and training programs under Cramer and later Korff (below) are providing the firm with its leadership today. New people are assisted in their professional development through a series of national and regional conferences held in Chicago and New York training centers, and on-the-job training courses. These programs make use of key Touche Ross people in the role of instructors or discussion leaders.

The Chicago Center and a similar one in New York are the settings for national and regional conferences. Here, for example, members of the audit, tax, and management services staffs receive intensive classroom training, which includes lecture-discussions, small group activity, role plays, video programing, and other instructional methods. Basic and advanced seminars are conducted in all functions, including courses for seniors, supervisors, and managers. Auditors may attend seminars on such subjects as SEC practices, audit EDP, and special industries programs. Tax men study such topics as consolidated returns, estate and gift taxes, and reorganization. Management services personnel advance their knowledge of profitability accounting, EDP consulting, organization development, and other areas of their specialty.

The key to the effectiveness of these programs is that they are conducted by partners, managers, and supervisors who have had extensive practical experience in the subject areas covered by the course material. Outside experts - consultants and psychologists - assist in the design and preparation of appropriate behavioral science topics. Particular attention is paid to the overall design and structure of the programs to provide for optimal participation and to create the most effective learning environment.

To supplement the national conferences, a renewed thrust was made in 1970 in the development of local-office training materials prepared in modular form. These training modules provide the format for a great variety of courses oriented to the needs of each office, and include instructor outlines, cases, problems, self-study booklets, and audiovisual aids, as may be required. Significantly, these modules are prepared by staff members from various offices. They are sent to New York for content and format review, and are checked by the national accounting and auditing staff for technical propriety. When put to use, the modules reflect the talents of many experienced staff members.

Formal training is supplemented importantly by on-the-job training. Each engagement allows time for new staff members and supervisors to analyze and discuss the lessons learned in the classroom as they are applied to specific situations. Pre- and post-engagement conferences form an integral part of this training.

The character of the firm has been shaped by its traditional emphasis on high professional competence and open-mindedness to innovation. Thus the progression from assistant to senior, to supervisor, to manager, and to partners, is limited only by a person's capacities and his willingness to develop them. Most of the candidates who started with the firm following graduation from school, and who remained, have achieved partnership status by their mid-thirties. The firm's new Managing Partner and many of the new management team are notable examples.

In the summer of 1972, there were nearly 5,000 members of the firm in the United States with about 450 partners. As the firm's practice continues to expand, so do the number of offices and the size of the organization. Clearly, the next 25 years at Touche Ross offer opportunities to its people as exciting and rewarding as those of its first quarter century.
8. CREATING A MULTINATIONAL FIRM

Less than ten years after it was organized, the management of Touche Ross began to consider the need to become an international firm. The minutes of a Policy Group meeting held in April 1956 recorded the conclusion "that we should try to make some start on an international firm . . . that a small start is better than none."

Here was recognition of an interest that had been growing for several years, stimulated in good part by the enthusiasm of Donald Bevis, strongly supported by John McEachren. They had been impressed with the significance to the firm of the expansion of U.S. companies abroad, and the accelerating pace of international economic development.

While Touche, Niven & Co., ever since its formation, maintained a working relationship with George A. Touche & Co. of England, and George A. Touche & Co. of Canada, the new firm was not in a position to service clients in other countries under its own name and responsibility.

Partners of the three firms had met in Detroit as early as 1953 and agreed to explore the feasibility of establishing some form of international organization. The meeting was attended by Bailey, McEachren, and Bevis from the United States; John Wilson and William Munro from Canada; and Robin Adams and William Ritchie from the United Kingdom.

At this time, however, the partners of the U.S. firm were understandably preoccupied with the many problems of building their practice at home.

Nevertheless, Bevis, with the energy of his convictions, undertook to utilize his vacations for some preliminary investigations. In 1954, he visited most of the countries in South America to acquaint himself with the status of the accounting profession in the various capitals. The following year, Bailey and Bevis went to London, where they found that George L.C. Touche also shared their views. In 1957, Bevis again went to London and paid informal visits to the Netherlands, Germany, France, and Belgium to explore the situation in those countries.

With Bevis as chairman, partners of the U.S. firm continued to hold informal conversations with their counterparts from Canada and the U.K., including meetings in Toronto in 1957, and in Washington in 1958. These meetings led to the creation of an International Committee composed of two representatives (later increased to three) from each of the three countries.

In a memorandum dated October 17, 1958, prepared as a basis for discussion at the U.S. Partners Meeting of that year, Bailey reported that "the underlying theme of all meetings had been to work forward to the possibility of a federation of firms that could use eventually the same name in each of the countries so that . . . we could have several individual firms closely federated as to policies, activities, worldwide development, etc."

During that same year, conversations had been held between the Canadian firms, P.S. Ross & Sons and George A. Touche & Co. which resulted in a merger of those two firms in 1958 under the name Ross, Touche & Co. The Ross firm — prominent in banking, financial, and other circles, and with many large clients — had a 100-year history in Canada.

Agreement had been reached, Bailey reported in his memorandum, for the common use in the near future of the name Touche, Ross, Bailey & Smart by the three firms as far as possible, and especially in connection with their international practice. In time, this would become the one name by which each of the three firms would be known in its country, and their former identities would be dropped.

Bailey emphasized, however, that "present thinking does not contemplate a single firm for the three who are now part of the group, but it does contemplate a very close working relationship and an international organization that will be the channel for that cooperating activity. On that basis it is expected that we will bring into our federated group responsible firms in other countries so that eventually we may have a truly international structure."

For the next several years, Bevis, T. Jefferson Ennis, Allen C. Howard, and Gerald M. Hawthorne from Canada made several trips to other parts of the world, including
the Caribbean, Japan, India, Pakistan, Australia, and New Zealand. At the same time, Wilson from Toronto, and Adams and Ritchie from London, conducted interviews with European and African firms with a view to inviting them to join an international organization at a later time.

Progress in the development of the international firm proceeded even more rapidly than had been anticipated. In 1960, the Canadian and U.K. firms changed their name to Touche, Ross, Bailey & Smart.

The 1960 Partners Meeting of the United States firm, held jointly with the Canadian firm, in Chicago, had as its theme “International Cooperation for Service and Growth.” This was the occasion for the first meeting of the International Group, which heard progress reports by representatives from the U.S., Canadian, and U.K. firms on prospects in Europe, Africa, the Caribbean, India, New Zealand, and South America. Representatives from newly-associated firms in 11 countries were present and spoke on activities in Australia, Barbados, Belgium, France, Germany, the Netherlands, Jamaica, Mexico, Panama, and Switzerland.

In the formative years following the Chicago meeting, the emphasis was placed on serving clients of the three founding firms, who shared the costs in time and money of developing the organization through the mechanism of the International Partnership. In 1963, an International Coordinating Partner was appointed, later to be known as the Executive International Partner. (Donald Bevis held the position until early 1965, when John Wilson, then Managing Partner in Canada, was appointed and served until mid-1971. He was succeeded by Paul Hamman.)

In 1967, steps were taken to establish a new type of organization. At the third International Group meeting in Cannes (a second conference had been held in New York in 1962 following the Chicago meeting of 1960), an international study committee was appointed to develop recommendations. Wilson was elected chairman of the study committee and its working subcommittee.

The result was the present form of organization, based on an International Committee composed of one representative of each member firm throughout the world. Each firm has an equal voice in determining policies, and each makes a contribution to help defray costs of Touche Ross International operations.

By 1972, accounting firms in 45 countries had become members of Touche Ross International (correspondent arrangements were established in many others). Several important changes were made in the structure of the organization which formalized the participation of member firms in the management of Touche Ross International.

The founding firms comprised The International Committee and was the forerunner of today's International Partnership.
International sessions of the multinational firm have taken place regularly since the initial meeting of the International Group in Chicago in 1960 (left top). Since then meetings of the entire partnership have become more frequent, and they have been supplemented by regional meetings of the European Partners and Latin American Partners, as well as functional committee meetings.
The first meeting of the new International Committee was held in May 1970 in Nassau with Marinus van den Ende of the Netherlands as Chairman.

At that meeting, an International Advisory Committee was appointed to advise the Executive International Partner on problems related to the various regions and to provide him with the opportunity to discuss policy matters with a small, representative group.

The first Advisory Committee consisted of three members selected on a regional basis: Ermenegildo G. Snozzi, France; Alberto T. Lopez, Argentina; and Peter J. Davidson, Australia. Francisco R. Young of Panama, who had been elected Chairman of the International Committee, was a member ex-officio. In 1972, Douglas R.P. Baker, U.K., was added to the Committee and Marinus van den Ende, Netherlands, replaced Snozzi.

The advisory group held a meeting in Paris in February 1971, which was also attended by John Wilson and James I. Johnston, Director of International Operations. Subsequent meetings were held in London, Buenos Aires, Amsterdam, and Sydney.

In his report to the second annual meeting of the new International Committee, meeting in Garuja, Brazil, in May 1971, Wilson reviewed the progress of the international firm and stated:

"From the point of view of the founding firms, it has been their hope that this new form of organization would encourage other member firms: to extend their interest in the international group; to move from a passive interest in receiving referred work to an active role in building a stronger international organization in which each member would strive not only to improve its position within the accounting profession of its own country, but also to strengthen the international organization by mutual cooperation; and furthermore, to find ways in which the resources represented by many partners in many countries could be utilized for the benefit of all."

Touche Ross International, as it now functions, based on an agreement signed by the constituent firms, is a unique and flexible adaptation to conditions in many different countries. The quality and standing of each firm was the basis for selection, as well as the need — present and future — for representation.

In the beginning, the International Partnership of the three founding firms could offer only a limited amount of client work which since has been expanded. In some cases, only future prospects justified the considerable effort required on the part of a new member firm to cope with difficulties in language, and the requirements of foreign clients, involving differing standards.

The strength and success of the organization, however, resides in the respect of the founding firms, from the very beginning, for the national character of all firms and the customs and traditions of their countries. In a world in which the tides of nationalism are running strongly, the multinational firm has maintained a balance between the common good and local interests. The sense of national independence and self-sufficiency in many countries does indeed contribute to the difficulties of expanding practices and establishing uniform standards.

Nevertheless, the necessities of economic development and self-interest encourage voluntary international
economic cooperation based on a mutual use of the best that each country has to offer. Touche Ross International is in tune with the trend; its member firms are working together to develop their individual practice, and to take advantage of the services provided throughout the world by their sister firms.

The success of Touche Ross International, as John Wilson has expressed it, "depends on each member building a better house at home rather than an ivory tower in the United States or elsewhere."

The structure and policies of Touche Ross International, accordingly, are designed to develop quality services to clients in the common interest, and to coordinate resources to assure high standards of performance for multinational clients.

In the U.S. firm, the general service partner in each office is directly responsible to his client for both domestic and foreign assignments. For the latter, he has the assistance of the International Executive Office in New York in channeling work to member firms.

Four regional offices of the I.E.O. coordinate international engagements in Europe, Africa, South America, and the Far East. They are staffed primarily by U.S. partners and personnel, reflecting the current preponderance of work referred abroad from parent companies in the United States.

The regional offices were established to provide any service or advice that member firms might require in handling engagements for international clients. They make it possible for referring offices to communicate their problems and requirements to a central point. The regional offices, being well acquainted with special conditions in their areas, are in a position to provide informed guidance in planning and carrying out assignments.

In 1969, a committee made up of members from the U.K., Canada, and the U.S. had been formed to study and to harmonize the auditing standards of these three countries. The objective was to bring in representatives of other countries and reconcile differences in order to devise a truly international set of standards.

Commenting on the importance of quality standards, Wilson, in his report to the International Committee in 1971, said: "The question of professional auditing standards is one which has had high priority in the accounting professions of all countries for many years. . . . Around the world there are variations in standards and differing interpretations. . . . Due to the predominance of U.S. clients in our international work, the auditing standards of the United States have been given more prominence. . . . At present, the international auditing standards of Touche Ross are based on those of the United States."

Accordingly, the U.S. firm, as do firms in some other countries, has the responsibility, in reporting on the accounts of an international client, to see that the accounts of subsidiaries in other countries are audited in accordance with standards applied to the parent companies. In cooperation with I.E.O., therefore, audit practice reviews are conducted in which U.S. audit practices and standards are compared with those applied by a member firm.

The various questions raised are resolved through discussion. Similar reviews of other reports prepared for U.S. clients are conducted. An international audit control manual has been developed which helps define the responsibilities of a member firm in reporting to the auditor of a parent company. An international exchange of personnel, for training and experience within the international group, has proved highly effective in promoting understanding of mutual problems and progress toward high and uniform standards of practice. Seminars have been held on a regional basis for several years.

One of the valuable services provided for clients of member firms is the publications program of the International Executive Office initiated in 1967. The program includes a series of Executive Digests and Business Studies. Prepared with the cooperation of member firms, they provide information on doing business in various countries — the Digests in concise form, the Studies in comprehensive detail. Eighteen Digests and five Studies had been published by 1972. The tax information which they include is updated every two months by an International Report supplement produced by the International Tax Department of the U.S. firm. Other publications include an annual International Directory, and an International Newsletter issued several times a year.

Representatives of the member firms of Touche Ross International met in Majorca in May 1972. The meeting was an occasion to reaffirm objectives set forth at the 1971 meeting of the International Committee in Brazil, among them: "to be the leading international firm in our profession; to have a one-firm consciousness and attitude, with objectives and policies determined collectively; to assist the constituent firms to become the most competent, and Touche Ross International to be the most progressive; to achieve optimum size and financial success."

It was an occasion to review the activities and programs which are being actively pursued to achieve these and related objectives, and to note with considerable pride how, from modest beginnings, Touche Ross International in a few years has become a major factor among international accounting firms.
When the three founding firms of Touche Ross International assumed a common name in 1960, the formalizing of their relationship brought to full circle the events set in motion some 60 years before by their common progenitor, Sir George A. Touche.

An internationalist, he surely would have been gratified that some early efforts of his own, which had come to nought, were at length to be realized on a worldwide scale. He had set up short-lived firms in Java in 1910, in Buenos Aires in 1914, and, in conjunction with Touche, Niven & Co., again bringing echoes of the past. A Policy Committee was formed in April 1969, when he was succeeded in that position by John W. Wilson, who figures so prominently in the formation and management of Touche Ross International, joined the Canadian firm in 1928. When Frank Turville, who had been in charge of the Montreal and other eastern offices for many years, became head of the organization in 1950, he was assisted by an executive committee with Wilson as its Chairman. On Turville’s retirement, he was succeeded as Managing Partner by John Wilson.

The merger on June 1, 1958, of George A. Touche & Co. and P.S. Ross & Sons was the result of several factors. Wilson and his colleagues recognized the need for expansion in order to take advantage of economic developments in Canada, and to handle engagements referred by the fast-growing U.S. firm, and their British colleagues. At this same time, P.S. Ross & Sons, a major competitor with a 100-year history and a very strong base in Montreal, was in need of an international connection to replace a previous relationship with a large U.S. firm. The resulting formation of Ross, Touche & Co. placed the new organization in a preeminent position in Canada. Smaller, but important mergers followed, so that in 1972 Touche Ross & Co., Canada had 17 offices throughout the country, and offices in the Bahamas, Bermuda, and the Cayman Islands.

In the beginning, Wilson and Guy Hoult of P.S. Ross were joint Chairmen for both the Policy and Executive Committees. Later the posts were divided. Upon Hoult’s retirement, Wilson was named Managing Partner and Howard Ross became Chairman of the Policy Committee. Gerald Hawthorne was Administrative Partner. Wilson resigned in 1965 to assume the position of Executive International Partner of Touche Ross International.

Howard Ross retired in 1969 to become dean of the School of Management at McGill University where he had been chancellor for several years. G. Meredith Smith was elected Chairman of the Policy Committee, and John W. Beech Vice Chairman. In 1972, Ian H. Bell was elected Managing Partner, John A. Orr became Chairman of the Policy Committee, and John Beech continued to serve as Vice Chairman.

Management consulting activities have been developed in a separate firm, P.S. Ross & Partners, which is now one of the leaders in that field in Canada.
9. STRUCTURE AND MANAGEMENT

The relationship of a certified public accountant to his client traditionally is based on individual responsibility for performance and personal integrity. In this respect, it is not unlike the relationship of a physician to his patient, or the lawyer to his client. The practice of public accounting is conducted, as are medicine and law, within standards established by the profession, enforced by laws, and enriched by a commonly-shared body of knowledge and experience. Other similarities are suggested by the growth in the size of law firms and of group practice in medicine, which make it possible to bring together a multiplicity of skills and knowledge to bear on individual situations.

Public accounting firms are unique among professional firms in that they have extended the partnership form of organization to accommodate very large numbers of partners in many locations. While accounting is a profession, an accounting firm must be managed in the same way as any corporate enterprise. Its professional effectiveness depends not only on its technical ability to serve clients, but also on the resources which profitability makes possible.

The relationships of Touche Ross partners have been spelled out in Partnership Agreements which have undergone numerous modifications over the years to meet changing conditions. After its formative period, the firm might have elected to continue its then strongly centralized management, similar to many other firms. The character of its leading personalities, however, dictated a different course, one which they believed would motivate the partnership to greater creativity and achievement.

The challenge was to preserve the values of professionalism based on traditions of individual responsibility, while attaining the advantages of scale. They believed that these advantages could be achieved by granting a high degree of local autonomy to the firm’s offices, provided that this autonomy would be subject to controls by a single executive office which would provide services and leadership for the whole. By agreement, each partner would receive a proportionate share in the earnings of the firm. In the common interest, he would be voluntarily subject to direction by a management in whose selection he has a proportional vote. Thus, the firm’s reputation is maintained and enhanced through an excellence upheld by uniform standards and overall quality control.

To maintain a workable balance between the inherent tensions in such an organization has been a continuing effort on the part of the leaders of the firm. As might be expected, the balanced organizational structure and policies under which decentralization and centralization now function were not easily achieved, and became increasingly critical as the number of partners grew.

The relatively few partners in the early years accepted the dominating leadership of one man as essential to survival and growth. George Bailey possessed not only exceptional abilities and a high national reputation, but the confidence of some of the firm’s most important clients.

Under the terms of the original Partnership Agreement, a Policy Group of nine members, three from each of the merging firms, had been established, with Henry Mendes from Touche Niven as Chairman. Bailey was Chairman of a Management Committee of three, formed at the time of the merger, the other members being Mendes and Jackson Smart. In 1948, Bailey took over as Chairman of the Policy Group and as Executive Partner. The Management Committee was disbanded as having served its purpose.

The Partnership Agreement provided that the Executive Partner was to appoint a Nominating Committee each year. Subject to the approval of the Policy Group, the Committee was to propose for election, by the full partnership, the next Policy Group, its Chairman, and the Executive Partner. In 1948, Bailey named himself as chairman of the five-man Nominating Committee. It was then agreed that the propriety of the Executive Partner’s serving also as Chairman of the Nominating Committee should be reexamined from time to time.

By the following year, the practice was changed, but Bailey continued to wield the powers of both Policy Group Chairman and Executive Partner until the Partners
Meeting of 1957, when John McEachren was elected Executive Partner and Bailey continued for another year as Chairman.

Bailey's strong convictions as to how the firm should be managed did not change essentially during his tenure. Yet with all the preoccupations that his multiple responsibilities entailed, he did recognize the necessity of adapting to needs occasioned by the firm's growth and to the pressures of some of his associates. At a Partners Meeting in 1953, while declaring that "there is no change in our basic philosophy that there must be one head to the organization . . . there is a growing disposition and practice toward using the Policy Group for discussion of major problems, and in this sense it is advisory to the chief executive . . . the desirability of presenting major policy moves to the Policy Group is well established."

Bailey went on to comment on problems of organization which had been brought to the fore by a report of the Nominating Committee, which in that year was headed by McEachren. The Committee, feeling the need for a wider participation of the firm's partners in decisionmaking, recommended that membership of the Policy Group be changed by the replacement of at least two of the older members, and that the Policy Group be increased from nine to eleven members. The Committee proposed that the Policy Group invite into its discussions of possible changes in structure and policy five partners who were not members of the Group and who would have no voting power. It further proposed that the five partners should be Robert Beyer, T. Jefferson Ennis, Paul Hamman, Wallace Jensen, and Robert Trueblood.

Bailey agreed that the time had come to consider changes. He noted that "the Policy Group . . . has a twofold position . . . it has very definite responsibilities where age in the organization and knowledge of our people, accumulated over a period of time, is quite important. The other is that of advising the Executive Partner on many phases, and it is here that younger men and more active men close to our operating problems . . . are necessary and useful. . . . We originally decided on a nine-man committee — it was first an historical selection — three from each firm. Obviously it was not to continue as any recognition of the old firms, and I think gradually that has been diminishing. . . . Now we have reached the point that where any man came from at the time of the merger is pretty well submerged. If it is not, I think it ought to be. . . . The test really ought to be: Are the people on the Policy Group useful in the formation of policy? It seems to me you must look forward to the selection of the Policy Group as people, forgetting their office connection, forgetting their location . . . but if you have people who have breadth of judgment, humanity, knowledge of people, balance, and things of that kind — if you have people who are very active all through the organization . . . then you will have a good group.

"We are in the process of proving out some of our policies that we started with . . . making mistakes occasionally. We have to learn. We are . . . gradually getting our organization down where the good is staying and the weak is being eliminated or challenged."

As to the Nominating Committee, Bailey saw no need to change its composition of three members from the Policy Group and two from outside the Group. "It has been my experience," he declared, "that an intelligent minority, backed up by a considerable partnership feeling, can be just about as effective as if that group had a majority on the Nominating Committee."

In 1954, Bailey reported that the Policy Group had decided not to change its size or structure. However, he explained that he had appointed several partners to the Nominating Committee "from the middle group of partners in age." This committee proposed that Bailey, who was due to retire in September 1955 at the age of 65, be reelected Executive Partner for three more years, to serve through August 31, 1957. He would continue to be Chairman of the Policy Group but the Committee also proposed that John McEachren be elected Vice Chairman. The proposals were approved by the partners.

It was not until 1956 that the Policy Group was increased to 11 members. In that year, approval was given to the report of a special committee which had been appointed to study the desirability of structural changes in the Partnership Agreement, because of the increase in the size of the firm and "the impending retirement at the end of the year of the Executive Partner."

Significantly, the Committee's recommendations provided for a separation of the policy and executive functions. An Executive Committee of five partners was to direct the operating affairs of the firm. The Chairman of the Committee — the "Administrative Partner," subsequently designated the Executive Partner, and later the Managing Partner — would be the chief operating partner, a member of the Policy Group, but not its Chairman. The Executive Committee would designate partners who would have overall responsibility for accounting and auditing, tax, management services, practice development, and other activities. Each designated partner was to have the assistance of a technical committee of three, of which he would be the chairman.

It was further proposed that the Nominating Committee
was to be appointed by the Chairman of the Policy Group, with the Group's approval.

Two members only on the Committee were to be from the Policy Group, and the majority of three were to be partners who were members neither of the Policy Group nor the Executive Committee.

The Policy Group, its Chairman, the Administrative Partner, and the Executive Committee were to be proposed by the Nominating Committee, and elected each year by vote of the full partnership.

With the approval of these recommendations and a corresponding revision of the Partnership Agreement, the foundation was laid for the evolution of the organization structure and policies of the firm to their present form. Modifications were made subsequently to meet the requirements of growth. A most significant change, which established the present democratic procedure for the election of the firm's management, based on a secret ballot, took place in 1968.

Bailey continued as Executive Partner and Chairman until the Partners Meeting of 1957. McEachren then was elected Executive Partner for 1958 and Bailey continued for another year as Chairman of the Policy Group.

In 1958, Jackson Smart was elected Chairman of the Policy Group for 1959, with McEachren as Executive Partner and Bevis, Beyer, Ennis, and Werntz as other members of the Executive Committee.

Smart and McEachren continued in their respective roles through 1961. For 1962, McEachren became Chairman of the Policy Group and Bevis became Managing Partner. In October of that year Bevis was succeeded by Beyer, and McEachren continued as Chairman. When McEachren retired in 1963, Trueblood became Chairman and Beyer was reelected Managing Partner.

For several years, studies had been made to adjust the firm's organizational structure and policies to meet continued growth. The plan of organization which Beyer presented to the 1962 Partners Meeting is summarized here because it was a further step in establishing the present form of organization.

An Organization Manual contained a statement of general philosophy which stressed conformance to general policies with local autonomy. "A national organization, with international affiliations, requires conformity by all offices in matters of general policy, covering both technical services and administration.

"Coordination in the activities of all offices is also needed in order that clients which deal with more than a single office of the firm may be aware of the firm's unity and common objectives. Important and fundamental as the foregoing objective may be, however, it is a cardinal principle of the firm that each office must be a completely integrated office with full responsibility and freedom of action to handle its own clients and to develop its own territory."

A policy of "total service" was enunciated. "The firm has developed and aggressively pursues the policy that, except only in rare instances, each client must be provided with a total service. To attain such objectives, an organization structure is required which embodies the concept of general service partners and managers, in many cases operating through integrated services organizations. 1963 Policy Group Meeting in New York.
“A general service partner is a line executive reporting to the Partner in Charge of an office. His background is such that he is able to deal in some depth with all three classes of services to clients. He must exhibit a keen interest in, and some significant ability with respect to, practice development. He has primary and overall responsibility for the firm’s relationship with a client.

With respect to any client, he may work with other partners who have more specialized knowledge than he may possess in any particular field as it may be required. A single partner may handle a phase of service for one client and report to a general service partner in connection therewith, but at the same time operate as the general service partner with respect to another client.

“The term ‘integrated services’ means total services (audit, tax, and management services) with the added ingredient of coordination among the three, which renders it hard-hitting and effective to the client. . . .

“For implementation, in some of the larger offices this may take the form of formal integrated services departments operating alongside the usual audit, tax and management services departments. In such cases the integrated Services department generally consists of technical people who have broad backgrounds in the three technical services. . . .”

The responsibilities of “line” and “staff” organization were defined. The line authority was from the partners to the Policy Group to the Managing Partner to the Partner in Charge of an office, who delegated his authority to other partners and managers in the office. These included the general service partner in charge of an engagement, partners in charge of a functional department, and the administrative partner. The various functions were subject to review by the appropriate National Directors.

The structure, responsibilities, and relationships of the Executive Office were spelled out in detail.

The Policy Group was responsible for: (1) determining the basic policies of the partnership; (2) admitting new partners; (3) determining the participation of individual partners in the earnings of the firm; (4) approving mergers; (5) approving appointments of the Chairman of the Policy Group to the Nominating Committee; and (6) such other specific responsibilities as are designated in the Partnership Agreement.

The Policy Group consisted of 13 members, including the Chairman. It was elected annually by the partners and typically met five times a year.

The Chairman of the Policy Group was elected by the members of the Partnership. He was responsible to the group for: (1) carrying out normal functions of the Group Chairman, (2) interpreting and recommending new or changed policies in collaboration with the Managing Partner, and (3) interpreting and applying in individual cases the provisions of the Partnership Agreement.

The Executive Committee was a subcommittee of the Policy Group. It consisted of five members of the Policy Group, but not including the Chairman of the Policy Group. The Chairman of the Policy Group, with the approval of its members, appointed the members of the Executive Committee and designated a member other than the Managing Partner as Chairman. It was responsible to the Policy Group for advising and counseling the Managing Partner in implementation of firm policies.

The Managing Partner was designated by the Partnership Agreement as the chief executive officer of the firm. He was responsible to the Policy Group for: (1) implementing established policies and programs for both the business and professional aspects of the partnership; (2) formulating and recommending short-range and long-range objectives; and (3) reviewing the firm’s progress toward objectives and proposing such revisions as experience and altered circumstances indicate.

The staff of the Managing Partner was to consist of seven National Directors: Accounting and Auditing, Tax, Management Services, International, Personnel, Administration and Office Operations, and Practice Development. Each functional National Director was to have the assistance of a technical committee.

From the firm’s beginning, Partnership Agreements have called for election by the partners of the full slate of the Managing Partner, the Chairman, and the Policy Group who were proposed by the Nominating Committee.

If the slate is not elected in its entirety, the Committee would have to reconsider its nominations — a contingency which never arose.

For many years, the elections were largely pro forma, and effected by voice vote at Partners Meetings. The time came, however, when change appeared desirable in view of the size the firm had reached, and in particular, to assure the influence of new ideas on the succession and direction of the firm’s leadership.

This thinking was reflected in a speech by Robert Trueblood in 1967: “Another reason for our success is that our organization has been open-ended, flexible, innovative, creative — partly perhaps because we have had no ancient relics to preserve. We have accommodated ourselves structurally to growth, and to a variety of personnel. Given a need to change operating procedures or to adjust management plans — for economic or for people reasons — we have done so.”
From the beginning, accountants and accounting firms have recognized that they had to work together to advance their profession.

Partners of Touche Ross have devoted substantial amounts of time and energy, as have their contemporaries in other firms, to professional associations such as the National Association of Accountants, the American Accounting Association, the Institute of Management Consultants, and the American Institute of Certified Public Accountants. Thus an item in a 1956 issue of a firm publication reported the typical news that 11 Touche Ross people had been appointed to Institute committees that year. In 1972, the number had risen to 51; eight partners were members of the Council, and one was a national vice president.

In his address at the 1967 Partners Meeting, Robert Trueblood took occasion to say, "involvement in any profession is a matter of self-preservation, and we are each measured by the least of our number. So Touche Ross must not only preserve itself for continuing service, but it must participate in creating the momentum which carries all practicing CPAs in this country to higher and higher standards, to larger goals, and, especially to more significant social accomplishments."

Trueblood was president of the Institute in 1965-1966, as was Bailey in 1946-1947. The Institute's Gold Medal for distinguished service to the accounting profession was awarded to Bailey in 1960 and to Trueblood in 1971. The citation to Bailey noted that he had served on 23 Institute committees as a member or chairman, and paid tribute to "dedicated and imaginative leadership in raising the standards of professional accountancy." In honoring Trueblood, the citation stated, that for more than a quarter of a century, "the profession has been enriched by his unstinting contributions."

In 1972, Robert Beyer, the first Touche Ross partner to be so honored, was elected president of the NAA. Its 300 chapters are made up of 70,000 accountants in industry, government, and education as well as practicing CPAs. Beyer, a member since 1942, has been active on various committees, including the Management Accounting Practices Committee. He has been a spokesman for the profession in government circles and in a wide range of business and public sector activities. He has lectured at many universities, attracting young students to the profession, and the Robert Beyer Professorship in Managerial Accounting at the University of Wisconsin will continue to serve this purpose.

In recent years, recognition of the professional status of Touche Ross management services came about when the Institute of Management Consultants, whose membership includes representatives of leading management consulting firms, opened its ranks to Touche Ross. Donald Jennings is a director of the Institute. Similar recognition was accorded by the AICPA with the appointment of James E. Seitz, National Director of Management Services Operations, as the first chairman of its Management Advisory Services Committee. Seitz also was elected vice president of the AICPA in 1972.

Among the issues that agitated the Institute soon after the end of World War II were questions of accounting principles relating to income statements and to "price-level depreciation."

Bailey, who was the chairman of the Committee on Accounting Procedure, was a strong advocate of the "earning capacity" as opposed to the "all-inclusive" approach to income statements. He believed that these statements should not include one-time items such as gains from the sale of a plant which would tend to obscure the comparability of one year with another. The more sharply defined net income could be, the more nearly might it become possible to compare different companies and earnings per share.

Bailey succeeded, but only temporarily, in having these views incorporated in an Institute bulletin of procedure. In 1972, the Robert Beyer Professorship in Managerial Accounting at the University of Wisconsin will continue to serve this purpose.

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Bailey succeeded, but only temporarily, in having these views incorporated in an Institute bulletin of procedure. However, opposition was so vigorous from some quarters that the bulletin was modified. The issue was part of the difficult overall problem of how to achieve uniformity and
comparability in financial statements without loss of flexibility to deal with situations in which there are compelling reasons to do so. The problem still remains, despite the profession’s efforts to work out solutions which will avoid the imposition of standards by the SEC to meet recurring pressures from publics who are not always well informed as to the difficulties.

Bailey also took exception to efforts to establish “price-level depreciation” as a principle to be applied in the preparation of financial statements, rather than original cost. Concern over the effects of inflation on the value of fixed assets had led to the proposal to convert depreciation charges to “current dollars” by applying an index of price-level changes. In the view of Bailey and many others, such a procedure could only result in confusion.

The Institute then undertook a study of business income, aided by a grant from the Rockefeller Foundation. Bailey was a member of the executive committee which supervised the project, and William Werntz was among the accounting authorities who took part in the discussions. The report, published five years later, was essentially favorable to price-level depreciation. Bailey and Werntz were among the dissenters, and a survey of business executives, economists, investment analysts, and others indicated wide differences of opinion. As a result, no immediate changes in accounting practice were made.

Bailey was also active in the Institute’s efforts to upgrade and standardize qualifications for entry into the profession, including requirements in education and experience preliminary to the CPA examination. A broadly-based commission, including accountants and educators, was formed in 1951. The report, published in 1956, included a statement of what constitutes a profession, and examined the extent to which the accounting profession met the criteria. It made numerous recommendations, some of which met with general agreement; others encountered strong opposition.

Since the commission’s findings were not binding on the Institute, a Committee on Standards was appointed with Bailey as chairman. After three years, in 1959, it presented its report, which was approved by the Council of the Institute. For the most part it went along with the earlier commission but, contrary to the commission’s views, insisted that a measure of experience should be a prerequisite to obtaining the CPA certificate. The Bailey committee, as had the commission, advocated close cooperation with educational institutions. It recommended that a baccalaureate degree should be a minimum requirement, and strongly urged postgraduate study in schools of business administration.

William Werntz was an important influence on the Institute’s thinking, not only during his tenure as chief accountant of the SEC beginning in the late 1930s, but after he resigned to join the firm in 1947 and took part in the work of Institute committees.

Werntz had been chairman of the SEC investigation in 1939 that followed revelations in the McKesson & Robbins case of fraudulent representations by the officers of the company of its assets, including inventories and accounts receivable.

In taking note of the deficiencies which had existed in auditing procedures, Werntz took the position that the proper corrective was in the establishment of more rigorous standards by the profession itself, rather than by the SEC, which had the legal power to do so.

Efforts to formulate and improve basic standards in auditing date from this time. Werntz’s view that it was the profession’s responsibility to establish and maintain acceptable standards was especially critical for the future, coming as it did during a period of public criticism which might easily have led to government intervention. Nevertheless, the possibility was still troubling the profession in 1972, the many problems involved having eluded a decisive solution despite years of effort.

Werntz was chairman of the Committee on Accounting Procedures in 1959, participated in the preparation of many of its bulletins, and served with the group that established directions for the new Accounting Principles Board which took over the work of the committee.

At the time of his death in 1964, William Werntz was serving as chairman of an ad hoc committee of the APB. He died en route to a meeting of the Board to present a preliminary report of the committee. In tribute to his accomplishments, the Institute published a book William W. Werntz: His Accounting Thought.

When Trueblood became president of the Institute in 1965, accountants were sharply divided — as they had been for years — over the question of uniformity versus flexibility in the application of accounting principles. Trueblood made a personal survey of partners of firms and other influential members of the Institute to see how far differences might be reconciled. He found broad areas of agreement. Few took exception to reducing the number of alternative accounting procedures which were not justified by significant differences in circumstances. No one wanted a set pattern of accounting for industry as a whole, or for industry groups.

In a statement to the Institute Council in 1966, Trueblood helped relieve tensions and chart a realistic course for the Accounting Principles Board by defining its objec-
tives as being "not to get out a series of rule books, but to recommend accounting practices which will make like things look alike and unlike things look different."

Deeply concerned for the future of the profession, Trueblood in 1958 agreed to serve on the Institute's Committee on Long-Range Planning. He served as chairman for four years, starting in 1961. Under his leadership, the Committee broadened its scope beyond its earlier studies. These had been largely concerned with establishing objectives for the Institute with respect to internal problems, including relations with other accounting organizations; with accountants who were not in public practice; with the role of CPAs in management services; and requirements for the CPA certificate. Numerous meetings had been held with representatives of other national associations and with state societies. Many recommendations of the committee were accepted by the Institute Council and published. The profession as a whole was stimulated to self-examination and awareness of its opportunities.

With Trueblood as chairman, the Committee took a new course. It set out to examine the problems the profession would face in adapting to an environment that was rapidly changing. A working paper entitled, "Profile of the Profession—1975" was distributed to the state societies and interested members of the Institute, posing questions and soliciting views on a number of subjects: the environment, areas of professional service, problems of education, research attitudes and problems, professional ethics, personnel, public interest and social obligation, and structure of the profession.

Between 1961 and 1965, numerous meetings were held with experts in the subject areas, with accountants, executives of state societies, and many others. Working papers of discussions were circulated for comments. Finally, the results were summarized in a book entitled, The CPA Plans For The Future, by John L. Carey, which was widely distributed within the profession. The book then became the basis for seminars held in a number of cities, and for special meetings of state societies.

A new committee of the Institute undertook to evaluate the discussions, to sort out views, and to establish a priority of objectives as a guide to members of the profession and to the Institute. Long-range planning by the Institute has since become a continuous activity. Such planning came into wide use during the 1960s by many organizations; it had been the function of a special committee at Touche Ross for a number of years.

In the course of his term as president of the Institute, Trueblood took another planning initiative. He appointed a Committee on Structure to study the organization and procedures of the Institute itself. The committee's recommendations, published in August 1966, led to major changes and a strengthening of the organization in order to deal effectively with its growing responsibilities.

By 1969, however, a feeling of dissatisfaction was growing among a few influential members of the Institute over the performance of the Accounting Principles Board. Pressures on accounting firms had increased over the years. Some clients resisted conformity to rules on the grounds that "our case is different." Investors, financial analysts, and bankers complained over lack of comparability in financial statements. Suits for damages grew in number, claiming losses suffered because accountants' statements based on "generally accepted principles" had been inadequate or misleading.

In what proved to be a memorable address before the annual meeting of the American Accounting Association at the University of Notre Dame in August of that year, Trueblood gave urgent voice to the need for more effective action by the Institute. He recognized the Board's achievements during the ten years of its existence, including sponsorship of important research, and opinions it had issued on pensions, income taxes, and income definition. It was his conviction, however, that the value of the Board's contributions had not been "proportionate to the human and monetary resources . . . expended." He pointed out that the $1.5 million which had been spent was only a fraction of the cost represented by the man-years of time given gratis by partners of accounting firms, and the Institute's own staff.

One reason for the paucity of the Board's output, said Trueblood, "was its efforts in early years to establish an encompassing philosophy into which all its forthcoming opinions would fit." When the Board gave up this attempt, it went from one extreme to another, "from an almost exclusive preoccupation with the theoretical to a fixation on details of practice."

The profession, despite years of effort by dedicated men, still lacked a set of consistent objectives, a statement of the basic purposes of financial reporting. He went on to advocate the replacement of the 18-man volunteer board with a much smaller full-time, fully-compensated group, made up of the best available professional accountants in the country. The board would have the assistance of an adequate staff. Its activities, including the support of major research projects, might require a budget of $10 to $15 million annually.

"The boundaries between research, specifications of overall objectives and purposes, formulation of principles, and applications in practice, should be well-defined and
The full-time board would, itself, undertake the design or approval of a coherent framework of objectives and purposes...and would formulate statements of compatible principles...statements confined to principle. The staff of the APB and practicing firms...would develop the details of application. Overall, the SEC would continue to exercise its monitoring, its back-up authority, and its catalytic role."

While the work of the Institute over several decades in defining principles has fallen short of what changing conditions require and the public demands, Trueblood said, its efforts have resulted in the high professional standing of public accountants today. "Even the...recent malpractice suits demonstrate inversely people's confidence in, and expectations of, the certified public accountant."

He concluded by warning that the profession had these three options: "(1) Accounting practice can revert to the confusion and disorder of the days when every company went pretty much its own way; or (2) the government through the SEC and other regulatory agencies can take over accounting rule-making; or (3) the profession can improve its present rule-making procedure and thus keep the function in the private sector."

Trueblood's speech led to a number of informal discussions during the following year among like-minded leaders of the profession. In January 1971, the Institute arranged a meeting in Washington which was attended by representatives of 21 public accounting firms. It was agreed that a reappraisal of the role of the Accounting Principles Board was necessary. Two study groups were appointed. One was under the chairmanship of Francis M. Wheat, a lawyer and former member of the SEC, its mission to come up with recommendations as to the composition of the board. The other, under Trueblood, was to consider fundamental questions bearing on accounting objectives.

The Wheat Committee submitted its report in late March 1972, with recommendations similar to those proposed by Trueblood in 1969. They included: a seven-man, full-time, salaried Financial Accounting Standards Board; a Financial Accounting Foundation of nine trustees with a diversified membership who would select members of the Standards Board; and a Financial Accounting Standards Advisory Council with 20 members, who would work closely with the Standards Board.

The new board, which would include some members other than practicing CPAs, would not be subject to doubts as to its independence, and the formulation of accounting standards would benefit from a wider variety of skills and viewpoints than the Accounting Principles Board—heretofore composed only of CPAs—could be expected to supply.

The Wheat Report was accepted by the Council of the Institute at its May meeting, and the steps necessary to implement the recommendations were authorized.

In the meantime, Trueblood's Accounting Objectives Study Group was continuing its work. The Study Group was composed of nine members — from the academic world, the profession, and the financial community. It has a full-time staff of six.

Trueblood defined the problem in these words: "What we need, but so far have been unable to develop, is a statement of basic objectives that allows the structuring, the identification, and the analysis of potential problems and solutions — a statement of basic objectives responsive and relevant to the needs of users. This is the objective of our Study Group."

An extensive review of the literature of accounting, financial analysis, economics, and behavioral sciences found such a lack of explicit data on accounting objectives that the Study Group concluded it would have to find the answers by consulting with people who use financial statements. A description of the Study Group's program was sent to 4,500 organizations and individuals, who were invited to send in position papers to the Study Group. Interviews were conducted with a cross section of business leaders and decisionmakers, based on the questionnaire. Group meetings were held with many business, professional, and government organizations. Public hearings were held during 1972 to provide an opportunity for the expression and discussion of divergent opinions.

In general, the Study Group sought answers to such questions as: (1) How is accounting information used? (2) What additional information is considered necessary or desirable? (3) Is furnishing such information feasible? The group also asked for comment on the importance of accounting in allocating resources, planning national growth, and in providing a setting of accountability to aid in controlling the economic system.

The scope of the study is indicated by the comprehensive of the questionnaire, which consisted of six divisions:

The first concerned the range of financial decisions the respondent makes not only for his business, but also for his civic, social, and other responsibilities.

The second probed the influence of traditional financial data on decisions on lending money and buying or selling investments — as against data on product lines, backlog,
Touche Ross has contributed leadership to the profession. Men like Bailey, Beyer, Werntz, and Trueblood, in serving the firm, have influenced the practice of accounting in the United States.
intangible resources, competitive position, and predictions of future income, dividends, strikes, and cash flow.

The third division included questions on whether financial reports should tell about such items as product development, development of human resources, market fluctuations, technological changes, wage-price freezes, pollution, conservation, and goal setting.

"Measurement of events" was the heading for the fourth set of questions about whether the present valuation base is logical, or whether different ones should be used, such as replacement prices, exit prices, selling prices, or discounted cash values.

The next section investigated the "extent of detail, order and emphasis in accounting reports," with questions on fixed versus variable costs, grouping assets by relative risk of realization, or on consolidated reports versus separate reports.

Finally, respondents were asked if attestation of account reports might be revised, particularly on proposed new types of reporting, without diminishing their value.

Sorting out and summarizing masses of data, the Study Group prepared a report for the 1972 annual meeting of the institute which was designed to clarify some of the problems confronting the profession and to establish broad guidelines for the future work of the new Financial Accounting Standards Board and the Advisory Council.

Touche Ross over the years has given expression to its sense of responsibility to the profession in ways other than participation in the work of national and state associations.

Research conducted or sponsored by the firm and numerous books and technical papers have added to the store of knowledge on accounting and management subjects. Grants for a variety of projects have been made directly by the firm and through the Touche Ross Foundation. Among the projects:

- Assistance in financing publication at the University of Chicago of the Journal of Accounting Research.
- Videotaping at Michigan State University of lectures by authorities from a number of accounting firms and universities. The tapes are in great demand and are circulated widely among professional groups and business schools.
- A study of the need for corporate audit committees, conducted by R.K. Mautz and F.L. Neumann, under a grant from the Touche Ross Foundation. The recommendations of the researchers were reported in a publication of the Bureau of Economic and Business Research of the University of Illinois and in an article in The Harvard Business Review. Touche Ross published a brochure by Gregory M. Boni and Robert S. Kay and subsequently produced a film on the subject.
- A study of The Future of Accounting Education at Carnegie Institute of Technology.
- Seminars conducted at the University of Kansas and Tulane University.

In the 1950s, Trueblood pioneered in the application of statistical sampling to auditing and co-authored Sampling Techniques of Accounting.

Beyer developed the concept of "profitability accounting" with its far-reaching usefulness, when teamed with operations research and electronic data processing, for corporate decisionmakers. His book, Profitability Accounting for Planning and Control, was published in 1963 and quickly became a classic. It was updated in 1972 by Beyer and Donald J. Trawicki.

The Accountants SEC Practice Manual, by Howard L. Kellogg and Morton Poloway, offers valuable aid to CPAs who have responsibilities for financial statements to be filed with the Securities and Exchange Commission.

The experience and results of Touche Ross management services work are published in numerous technical papers and books authored by partners and staff members. They reveal a willingness to share ideas on the confident premise that the firm will continue to develop new ideas to meet the changing needs of its clients.

In 1971, there appeared the first two volumes of "The Touche Ross Management Series," published by McGraw Hill. The authors are John C. Shaw, William Atkins, and Arnold E. Ditri; the titles, Managing Computer Systems Projects, and Managing the EDP Function.

Other books by Touche Ross authors include: Scientific Inventory Management, J.F. Buchan and Ernest Koenigsborg; Statistical Sampling for Accounting Information, R.M. Cyert and H. Justin Davidson; Real-Time Business Systems, Robert V. Head; Cost Effective Information Systems, Burton J. Cohen; Electronic Business Systems, Richard E. Sprague; Managing Marketing Profitability, Sanford R. Simon; Ordinary and Necessary Expenses, William K. Carson and Herbert Weiner; and Auditing, Management Games, and Accounting Education, Robert M. Trueblood.
As Touche Ross rounded out its 25th year, Robert Beyer, on the eve of his retirement as Managing Partner, viewed with some detachment factors in the firm’s success and its needs and probable direction in the coming years.

The necessity for continued growth, he believes, is no less today than when he became chief executive. The pressures continue — to produce the income needed for research and training and to meet the earnings expectations of staff and partners, and other costs such as retirement obligations. Furthermore, in recent years a new element has come to the fore — “young men today grow up faster, and they qualify to become partners faster.” To avoid a log jam of frustrated talent, and its consequent loss, new opportunities have to be created by opening additional offices wherever needed, and by acquiring new and important engagements.

The overall requirement will always be the “right leadership,” because the quality and style of an organization inevitably reflect its top people. There is general agreement both inside and outside the firm that the Chairman and the Managing Partner of Touche Ross have complemented each other’s capabilities throughout the ten years of their collaboration. Beyer explains: “Bob Trueblood assumed leadership in the firm’s technical development and in its outside professional relationships; I took over administration and running the firm. I never interfered with him, and he never interfered with me. In all the years we worked together we had a few minor disagreements, but never a serious one. In my opinion, this is what made the firm jell.”

Managing a big partnership will always have its problems, a major one being communications, so that the individual does not come to feel that he is only a small cog in a big wheel. “We believe in leaving an office pretty much alone as long as the results are there. The only mold we stamp is quality control.”

When it comes to the form of organization, there is a dichotomy within the profession. “Ours is loose, with a great deal of local autonomy, and it has worked well for us. The other way is a rather more formalized division of authority by territory. At one time we considered it but the timing was not propitious, and as a result, we decided to postpone it.” The advantages of this, Beyer thinks, have to be weighed against disadvantages, such as restrictions on initiative, and a tendency to weaken unity through the growth of cliques and pressure groups based on geographical or other considerations. “However,” Beyer says, “needs may dictate changes in the organization, as they have in the past, with such experiments in form as the inventiveness of the firm’s leadership may devise. In the process, the client will be well served.”

More significant for the future than questions of organization, in the opinion of Beyer and many of his colleagues, will be the policies and activities of Touche Ross in the broad area of social responsibility, and the impact on clients and accounting firms of changing public expectations of private enterprise. Many partners are active on local commissions dealing with social problems. Touche Ross people also volunteer guidance to local cultural groups in setting up accounting records, preparing annual reports, filing appropriate tax returns, and finding skilled managers. In many cities, they are giving expert advice on these matters to minority groups starting up businesses. Offices are required to report regularly on their progress in these areas.

Although there is a lingering debate between those who hold that the sole function of a corporation is to make money, and those at the opposite extreme, who would assign to business the solution of all social problems, a middle course is clearly indicated if private enterprise is to survive in anything resembling its present form.

In the 1970s, it appears unrealistic to believe that the technology and management skills of business organizations, which mobilize so much of the wealth of the economy, can be directed solely to “maximizing profits.” The corporation is a beneficiary of, as well as contributor to, the society in which it exists. In the long run, the credits and debits have to be balanced.
Business must share a responsibility for the educational system from which it benefits and the environment from which it draws irreplaceable resources. It cannot remain indifferent to urban problems, minority rights, health, housing, and other needs which must be met to maintain a stable society.

The questions are: How is the role of private enterprise to be delimited, and how are costs and benefits to be measured in relation to national goals and resources? Where should government perform, where business, and where jointly, and how equitably? What are the goals?

An increase in corporate philanthropy for educational, cultural, medical research, and other purposes, far beyond its present extremely limited scale, is one, but not the only answer. Nor is it to be found by simply applying the resources and management skills of business in order to profit from new markets created by public pressures in such areas as environmental protection, low-cost housing, and job training.

Corporate decisionmakers — increasingly sensitive to changes in values and expectations affecting society — are confronted with intricate dilemmas in trying to respond to pressures. How, for example, shall expenditures for pollution control be evaluated in terms of how much and when; their impact on costs, prices, and profits, and on financing? The corporate decisions, furthermore, must be related to broader questions, such as how to balance production of goods with environmental protection. How clean should air and water be? A consensus has to be developed on what is "the good life" and who pays for it.

These and similar problems are creating a new and wider role for the accounting profession — to develop "accounting for social progress," which among other things may eventually lead to the inclusion of social audits in the published financial reports of corporations, in which the cost/benefit of their social contributions are evaluated as a part of their overall performance.

In an address on February 21, 1972, which may well prove to be of historic significance, Beyer discussed the profession's new frontier. He outlined prospects which undoubtedly will add new dimensions to the work of Touche Ross, and excite the imaginations of people who look for careers with the relevance that particularly appeals to the present younger generation.

The accountant is now on the threshold of a drastic transformation, responding to the change in our social system. In an historic speech Robert Beyer predicted that tomorrow's accountant will be concerned with accounting for social progress. As an example, for its assistance to the arts, Touche Ross received an award from Esquire Magazine, which was presented to Russell Palmer by publisher Arnold Gingrich. Today's campuses will provide a new generation of leadership whose commitment to society will encompass a wide range of problems confronting generations to come (opposite page).
Beyer summarized the outlook for the profession in these words: "It is likely that for the next few years, government will have the dominant role in specifying the requirements and providing incentives for business to perform its proper social role. Looking beyond that, I anticipate that the corporations will assume a more important role in such areas as human resource planning, technology assessment, social auditing, new public-goods markets, and new private/public partnerships. The direction is clear. But what is not clear, is where will the leadership come from and who will take the initiative?

"Who is more qualified by tradition, training, and experience than accountants? Obviously, economists, social scientists, and environmentalists will also be in the vanguard. But because of our unique relationship with business and the public, we must become the pilots of social progress, charting the course for business and government. We will still be accountants, operating under the same disciplines. But the nature of our activity will be expanded beyond its present borders to a new kind of accounting — accounting for social progress. . . ."

"More than any group in society, the business community is equipped to attack the problems besetting us today. As businessmen, we must participate in the process. As accountants, we are singularly qualified to help management chart the course to social progress."

The immediate need is a rationale for corporate social involvement, with principles and guidelines. "To be useful, these guidelines should reflect national objectives, provide mechanisms for greater corporate involvement in the public sector goods and services market, encourage a balanced development of technology, and seek a more sophisticated understanding of manpower planning."

"As accountants, even now we are being asked by management for ways of measuring their performance that go beyond financial statements and earnings per share. We are acting as consultants both to government and to every other form of social organization, not only for fiscal planning, but for allocating social and human resources, accounting for the quality of air and water, of education systems, and in the organization and evaluation of just about every other kind of social and cultural activity. . . ."

"Here surely is the province for the accountant."
By 1972, the Nominating Committee consisted of seven members and the Board of Directors had been increased from 13 to 15 members, including the Managing Partner and the Chairman of the Board.

The policy, established in 1956, that a majority of the Nominating Committee should be partners who were not members of the Policy Group, is still in effect on the basis of a four-to-three ratio. It is also a long-standing rule that the Committee is to be appointed annually by the Chairman, subject to the Board’s approval.

The slate of Managing Partner, Chairman, and the 13 other members of the Board proposed by the Nominating Committee is elected by a secret ballot of all the partners, each voting his proportionate share of participation in the firm. The ballots are counted by the firm’s legal counsel which reports the results to the Chairman of the Board.

A majority of two-thirds is required for the election of the Chairman and the Managing Partner, and a simple majority for the other members of the Board — each of the three parts of the slate to be voted separately. As in previous years, if the required majority for any element of the slate were lacking, the Nominating Committee is required to submit a new slate.

In recent years, the Managing Partner and Chairman have been elected for three years, and the other members of the Board for one. However, it has also been provided that concurrently with the annual election of the other Board members, the continuance of the two principals in their respective roles is subject to the specific approval of the partnership.

The 1972 Nominating Committee was appointed in October 1971. Its members were Karney A. Brasfield, William C. Gaede, Milton M. Gilmore, Paul E. Hamman, Edwin Helt, Louis A. Werbaneth, Jr., and Carleton H. Griffin, Chairman. Over a period of five months, the Committee held 19 full-day meetings, conducted 30 interviews and received 173 letters of comments and recommendations from members of the firm. It submitted its report on March 10, 1972.

As might be expected from a process in which total candor for the expression of views is sought under the conditions of total confidentiality, the members of the Committee had a difficult responsibility. Differing opinions of highly respected colleagues, questions of individual characteristics to meet the requirements of the position, and inevitable human prejudices had to be sorted out and weighed. A committee member could understandably observe that the price of such democracy in terms of effort and demands on judgment comes high, but it is worth it.

The following portion of the text of the Committee’s report, coming in the firm’s 25th year, and marking the beginning of another era, has a rightful place in the history of Touche Ross & Co., as do the names of the partners who served on the Committee. The present position of the firm and the achievements of the past decade are thus summarized:

“The progress of Touche Ross & Co. during the last ten years has been remarkable. Our firm has had a six-fold growth in volume and a three-fold growth in total personnel during that period — accomplished primarily by internal growth but significantly helped by a number of excellent mergers. We have substantially increased our coverage of important cities in the U.S. and considerably improved our strength internationally. While moving from a tenuous last position among our peers in the Big Eight to a strong middle position, the quality and scope of our professional work remains superior. Our partners have increased in number from 85 to more than 400, and they as individuals have prospered beyond the expectations of many. All of these things have been accomplished by a broad spectrum of highly motivated people working within the framework of some very effective management disciplines. We all owe Bob Beyer a substantial debt for the dedicated leadership he has given us during this period.

“Today we find ourselves a strong, young firm eager to continue that remarkable pattern of vigorous professional and economic growth. The firm has fine people resources, continuing good earnings in spite of a troubled economy,
and excellent growth potential throughout the country. All of our partners want to work together as first class professionals to make a fine firm an even greater firm."

The Committee outlined the tasks ahead in these words:

"As the Committee deliberated, it considered very carefully the advice received from the partners concerning the challenges our new Managing Partner must face. The following will catalog some of the more important:

"Manage a very large firm within an organized framework of authority and responsibility, giving attention to the role of the functions and possible regionalization.

"Operate with a concern for a large number of individuals in an atmosphere of orderly, consistent actions and open communication.

"Maintain a strong growth pattern in volume and earnings, but with continued emphasis on the firm doing the highest level of professional work; develop a merger philosophy consistent with those goals.

"Maintain a oneness of the firm, with all partners feeling fully identified with the firm and striving to help each other to the exclusion of selfish departmental, geographic, and personal interests.

"Give appropriate recognition to the importance of international capabilities.

"Develop a vigorous marketing program, designed to attract larger clients and develop more industry dominance.

"Distinguish between short-range and long-range decisions, with appropriate consideration for the need to invest in the future.

"Allocate people resources to take maximum advantage of the strengths and opportunities we have.

"Administer partner compensation in a highly motivating and equitably rewarding manner.

"Increase the firm’s professional orientation and develop a higher incidence of speaking out on important issues.

"The task for our nominee is formidable. We are confident that he can do the job required and, with your support, he will."

As the firm’s fifth Managing Partner, the Committee nominated Russell E. Palmer, Partner in Charge of the Philadelphia office. Robert M. Trueblood was nominated as Chairman of the Board of Directors.

On April 25, 1972, when the necessary votes of the partnership had been received, Palmer and Trueblood were declared elected, along with the Board of Directors for 1973 as shown below.
RUSSELL E. PALMER. The ties that bind the past of Touche Ross with its present and future are personified in its fifth Managing Partner.

When Russell Palmer joined the Detroit office of Touche, Niven, Bailey & Smart in 1956, George Bailey was in his ninth year as chief executive. Thus Palmer witnessed and contributed to the firm's 16 most productive years, absorbing the philosophy and dedicated professionalism of Bailey and his successors.

Palmer had worked his way through Michigan State University and graduated with honors. After five years in the Detroit office, he moved to Denver with responsibility for the audit department as a supervisor. When he became a partner in 1966, the department had grown from 14 to 36. Two years later he became Partner in Charge of the Philadelphia office. Under Palmer, the office has achieved a notable record in the growth of its practice through the effective teamwork of partners and staff.

Palmer early demonstrated leadership qualities: marked ability, enthusiasm, dedication to the firm, and the capacity to motivate people. He sees the latter as his main job, and declares, "When you assemble, motivate and lead a group of people . . . when you get them working together toward a common goal . . . then the other things begin to fall into place automatically."

Palmer has developed a capacity for working effectively with people both within and outside the firm. In the process he has gained a broad grasp of the firm's operations and its environment. He has been an instructor in numerous training courses. He headed a task force which reviewed the Australian offices and reported back to the Australian partners. He was one of the U.S. firm's representatives at the Canadian Partners in Charge meeting and at the UK Partners Meeting, which included all the European Managing Partners. He has served on the Touche Ross Board of Directors, and numerous other committees of the firm.

He has been active in professional organizations, serving as a member of the Executive Committee of the Philadelphia Chapter of the Pennsylvania Institute of CPAs, the AICPA, and the Colorado Society, where he was on the Board of Directors, and a member of many committees. Outside the firm and the profession, he has been active in community affairs in Philadelphia, serving in various capacities for the United Fund, the Timothy School for autistic children, the Pop Warner Little League, and Philadelphia College.

It speaks eloquently for Palmer's 16 years with Touche Ross, and for the confidence he has earned throughout the organization, that in 1972 he was the choice to lead the firm in a new era of growth. At 38 he becomes the youngest Managing Partner of the Big Eight firms. In the judgment of his peers, as had been true of his predecessors, he is clearly the man for his times.

Palmer believes that the key element for the future lies in a "one firm" attitude within the organization. "Our audit, tax, IS, and MS departments; our Executive Office and local offices; our professional and administrative people must all work together in pursuit of our common goals. With clear goals, we can operate as a group of individuals, with different backgrounds, specialties, interests, and responsibilities, who will be united to maximize the thrust of our firm. In doing this, we must never forget that our first obligation is to professionalism, and to making a positive contribution to our clients and to society through the excellence of the services we provide."
In the summer of 1972, Russell Palmer, in a memorandum to the firm's partners, outlined changes in the organizational structure of Touche Ross and the considerations on which they are based, stating "our objective to extend and expand our services and our desire to develop our distinctive potential — and yet remain one firm — demands a system of management uniquely adapted to our competence and the task at hand." At the Partners Meeting in Nassau in November he discussed the shape of a new organization which "will permit us to work for the future by effectively harnessing our client, professional, and individual resources into that committed whole which is greater than the sum of its parts."

The significant changes made in the organization to meet the demands of the future were the appointment of eight Regional Partners, an International Partner, a Senior Executive Partner, and three National Directors in management capacities. Four National Functional Directors manage the firm's professional performance.

It was clear that in adapting the organization to meet the needs of the future, the basic tenets of organization which contributed so much to the firm's success had to be reaffirmed. The fundamental objective of firm organization has been to give better service. Emphasis on individual responsibility for performance and on personal integrity was reaffirmed by Russell Palmer in his emphasis on the concept of the general service partner operating as the key line executive serving the client's broad needs.

Under the new organization plan, the vital importance of the Partner in Charge was reemphasized. Palmer suggested that "one of the principal reasons for our past success has been the strong role of the Partner in Charge." He will continue to be the focus of prime operating and profit responsibilities. "The highly autonomous, client-service centered organization, characterized by a strong Partner in Charge structure, is the most effective form of management for a professional firm in which all are committed to common goals. In an environment of clearly-understood and widely-accepted policy, we will deliberately foster a reporting structure unshackled by an inflexible chain of command. Energy directed in pursuit of common values and objectives will not be diluted in a hierarchy of administrative management. Primary allegiance will be to our common professional and business goals."

Just as had prior Managing Partners, Russell Palmer recognized that central leadership was required to focus the energy of a multitude of highly autonomous offices and develop the potential of thousands of individual professionals. A central organizational group supporting the Managing Partner was required to effectively determine the basic operating objectives of the firm; establish priorities in terms of objectives, and allocate resources on the basis of these priorities; formulate policies and practices and exercise control to assure achievement of objectives; select and develop men to be accountable for major aspects of the firm; and represent the firm.

Building on the fundamentals of strong people and autonomous offices, central leadership has been provided by an Executive Office organization that embodies new concepts to meet the new needs of a firm looking forward to nearly doubling its net services to $200 million.

Palmer pointed out that in an environment of office autonomy, there must be a homogeneity of commitment and policy implementation by those responsible for the management of local offices. The Executive Office must provide the necessary leadership through its understanding of the operating-office environment and its capacity to coordinate a broad range of management decisions and effect changes in practice or assignments. The number and geographic dispersion of offices prevents the Managing Partner from effectively exercising this operational responsibility directly. In this context, therefore, the responsibilities and authority of eight new Regional Partners have been defined to provide for effective top management involvement in operations as required by the Managing Partner, as well as to confirm the key role required of the Partner in Charge.
Under this arrangement, Regional Partners, with responsibility for areas following the natural geographic continuity of business interests, speak on behalf of the Managing Partner with his concurrence and authority, and assist Partners in Charge in: setting and attaining operating objectives; accomplishing tasks which affect other offices or the firm as a whole; determining partner and manager promotion, transfer, and compensation requirements; promoting the firm’s practice and developing the quality of people; and achieving other specific objectives in direct extension of the authority of the Managing Partner as delegated.

Authority required to fulfill these responsibilities is derived through the direct project assignments made by the Managing Partner, rather than a generalized reporting relationship established between a Partner in Charge and a Regional Partner.

As part of the Executive Office organization, Regional Partners participate directly in the central tasks of defining the mission of the partnership and coordinating actions required to attain operating objectives.

To assure that an operating viewpoint is brought directly into Executive Office deliberations, Regional Partners retain their responsibilities as Partners in Charge or such other senior executive responsibilities as they may have. Their importance to the organization is enhanced by their continued involvement in operations and by their remaining in their geographical areas.

The growth of client investment and activities overseas and the importance of that development to the U.S. firm prompted the creation of another new post, that of International Partner, responsible for coordinating all work done for U.S. clients outside the country. This partner, whose function is distinguished from the role of the Executive International Partner, reports directly to the Managing Partner. Thus, the International Partner is, in essence, a Regional Partner for the U.S. firm’s overseas offices.

National Functional Directors continue to have the responsibility for maintaining the highest professional quality standards in the firm’s accounting and auditing, tax, management services, and integrated services practices. They derive their responsibilities and authority from their role in the Executive Office. In exercising these responsibilities they initiate the firm’s standards of quality and professional performance, monitor professional performance through practice review, provide necessary technical expertise to serve client needs on inquiry, and initiate innovative new service development programs within their functions. They participate directly in Executive

NORTHEAST
Boston, Massachusetts
Buffalo, New York
Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania
Rochester, New York
SOUTHEAST
Atlanta, Georgia
Jacksonville, Florida
Memphis, Tennessee
Miami, Florida
Nashville, Tennessee
New Orleans, Louisiana
Washington, D.C.
NORTH CENTRAL
Chicago, Illinois
Milwaukee, Wisconsin
Minneapolis, Minnesota
Omaha, Nebraska
NORTHWEST
Anchorage, Alaska
Boise, Idaho
Fresno, California
Portland, Oregon
San Francisco, California
Seattle, Washington
METROPOLITAN NEW YORK
Newark, New Jersey
New York, New York
MIDWEST
Cincinnati, Ohio
Cleveland, Ohio
Dayton, Ohio
Detroit, Michigan
Grand Rapids, Michigan
Louisville, Kentucky
SOUTH CENTRAL
Austin, Texas
Corpus Christi, Texas
Dallas, Texas
Houston, Texas
Kansas City, Missouri
St. Louis, Missouri
Tulsa, Oklahoma
SOUTHWEST
Denver, Colorado
Los Angeles, California
Phoenix, Arizona
Salt Lake City, Utah
San Diego, California
Office deliberations on resource allocation and promotion and compensation. As in the past, they operate with and through appropriate support organizations as required.

The National Director of Operations and Administration continues to oversee the day-to-day operations of all offices of the national firm and, working with Regional Partners, is responsible for assuring the timely and effective implementation of plans by the line organization. He is responsible for developing and directing an effective operations communications system to monitor performance and is also responsible for the direction of Executive Office controllership, information systems, and administrative services staff.

In assessing the unique new problems of the future, Russell Palmer determined that further growth demanded a rigorous program to attract larger clients and serve a broadening range of industries with distinguished expertise. To organize for this, he appointed a National Director of Professional Service and Industry Development to assume overall responsibility for the firm's practice development effort and industry development programs. Client merger and acquisitions activities were brought under the direction of this Executive Office position.

Recognizing the need for a continuous, envisionary, forward planning process providing support for the full range of the Managing Partner's responsibilities, the new position of National Director of Planning and Firm Development was created. His function is to assure that a proper range of choices are considered in all significant decisions, that operating standards are developed to ensure effective management of offices, regions, and functions, and that organizational conditions foster individual commitment to sound business and professional goals. The personnel function, including recruitment, education career planning and management development, and the development and implementation of internal communications were brought under this organizational position.

Robert Beyer, operating as Executive Senior Partner, maintains continuity as part of the Executive Office.

Russell Palmer, in presenting his organization, expressed confidence that the firm will continue the dynamic growth which characterized its first quarter century. "As a preeminent firm in a distinguished profession," Palmer stated, "Touche Ross will achieve the objectives we have set for ourselves. I am most enthusiastic about our new plan of organization and about the team that has been assembled to lead it. I am confident that we will continue to make the great strides and maintain the momentum which the past 25 years of leadership has provided."
It seems almost inevitable, considering the circumstances, that George Alexander Touch (the “e” was added to the family name in 1906) and John Ballantine Niven should have come together early in their careers to form the accounting firm of Touche, Niven & Co. Both were born in Edinburgh — Touche in 1861, the son of a banker; Niven, 10 years later, the son of Alexander Thomas Niven, prominent chartered accountant to whom George Touche was apprenticed at the age of 16.

Alexander Niven had come to Edinburgh in 1844, and after his apprenticeship practiced as a public accountant until his death in 1918. He was one of the founders of the Society of Accountants in Edinburgh which was incorporated under a Royal Charter in 1854. It was the first organized body of public accountants in the world, and it introduced the title “chartered accountant.” Other societies in England and Scotland were formed later, and under the authority of the Crown, they established and enforced high standards of competence and ethics, which continue to serve the profession.

George Touche was elected a chartered accountant in 1883 and soon went to seek his fortune in London, then the financial capital of the world.

Victoria was on the throne, the Industrial Revolution was in full swing, and the Empire was approaching the zenith of its power. Billions in British capital were being invested abroad — in North and South America, Africa, and the Far East. In the United States, the opening of the West, the building of railroads, the growth of industry and population, and the rise of big cities created a vast market for capital and attractive opportunities for foreign investors. By 1900, British-owned securities in U.S. railroads alone were valued at $2.5 billion.

Touche, after an association with a London accounting firm, became interested in organizing and managing investment trusts. These institutions for attracting the savings of large and small investors and channeling them into overseas ventures had become major factors in Britain’s economic expansion. Touche, in the course of his life, became a recognized authority on investment trusts. He served as a director and chairman of many, and as a director of numerous companies in which the trusts held an interest.

During the late eighties, Touche made several trips to the United States to check on the affairs of companies in which British trusts had invested. He met many influential businessmen, bankers, and lawyers — connections which were to prove helpful later to the firm of Touche, Niven & Co. Undoubtedly, the far-sighted Scot also noticed the need and opportunities for locally-based auditing firms, of which the country then had very few.

While Touche was busy building a career in London, Niven finished his apprenticeship in Edinburgh in 1893, worked for four years in his father’s firm, and then, like so many other young men of his time, sought the New World. He joined the Chicago staff of Price Waterhouse & Co. which had been operating in the United States for several years. Its origins like most of the accounting firms established around the turn of the century were British. Niven worked in Chicago from 1898 to 1900.

The time was now ripe for the threads of two careers to be formally joined.

In June 1898, Touche had formed the firm of George A. Touche & Co. for the practice of accounting in the City of London. Associated with him, and later his partners, were Andrew Wilson Tait and Gilbert Taylor. Tait, like Touche, had been apprenticed to Alexander Niven, but had completed his apprenticeship some 15 years later, in 1898.

On March 1, 1900, Touche and Niven entered into a partnership for the purpose of practicing public accounting in the United States under the name of Touche, Niven & Co. Not long thereafter, Tait and Taylor received a share of Touche’s interest in the new firm. Taylor retired in 1905. Tait, based in London, made frequent trips to the United States and Canada to inquire into the affairs of companies in which British investment trusts (managed or organized by George Touche) had an interest. His many contacts were helpful to the new firm. Tait died in 1930.
As had been anticipated, Niven's practical experience in public accounting as then practiced in the United States, and the wide acquaintance in the country which Touche had developed, provided a sound basis for the start of a practice.

When Touche, Niven & Co. opened its first office at 30 Broad Street in New York on March 1, 1900, McKinley was in the White House and Theodore Roosevelt was soon to succeed him. The nearly half century of the firm's history which lay ahead was closely associated with the momentous expansion and transformation of the American economy which marked those years. Undreamed of when Niven arrived in New York, was a future which was to include the rise of the automobile and petroleum industries, public utilities, radio and television, the motion picture industry, airlines, chain stores, mail-order distribution, and a vast increase in public ownership of securities.

The public accounting profession was to respond to these developments, not only in numbers, but in standards and the demands of shareholders, government agencies, and the public for meaningful information and greater accountability of managements. Financial abuses of the early century, and later, the Clayton Act, the Income Tax Law of 1913, the growing complexity of subsequent tax legislation, the Federal Reserve Act, the stock market crash of 1929, the Securities and Exchange Act — these developments brought problems and increasingly greater responsibilities to the accounting profession.

In 1900, John Niven, then 29, was happy to issue Touche Niven's first report, addressed to the directors of the North American Transportation & Trading Co. of Chicago. The firm's first major engagement came a year later.

Soon after his arrival in the United States, Niven joined the New York State Society of Certified Public Accountants. It was the beginning of a life-long dedication to the welfare of his profession.

Niven's abilities and character were soon recognized by his peers — many destined, as was Niven, to become leaders of their profession. Niven was invited to assist in arrangements for an International Congress of Accountants to be held in St. Louis at the time of the Louisiana Purchase Exposition of 1904. It has a place in accounting history as the first assembly of its kind in the United States. It was attended by some 150 public accountants — a goodly number in view of their scarcity at the time. Representatives from England, Canada, and Holland added importance to the meetings. The technical papers and discussions were published, a significant pioneering effort. The Congress helped reconcile differences between the American Association of Public Accountants, which dated from 1887, and a more recently formed federation of state societies. The organizations merged a year later into a stronger association which eventually evolved into the present Institute.

The Touche Niven firm grew slowly during its first decade. Its first major client was the International Steam Pump Co., later to become the Worthington Corporation. In 1908, Niven was appointed co-receiver, representing British interests, of the Pillsbury-Washburn Flour Mills Company in Minneapolis, where he resided for nine months until the receivership was terminated. The connection was the beginning rather than the end of a relationship, as it turned out later.

In the same year, there was a foreshadowing of the future when Malcolm H. Robinson was appointed to represent Touche Niven in Canada. The next year, George A. Touche & Co., London, opened a branch office in Toronto with Robinson as resident partner. A second office was established in Montreal in 1911, and the firm of George A. Touche & Co., Canada, came into being.

Another event of the period which also foreshadowed the future, and the growth in later years of management services, was the establishment of a production costs department in 1908. It was managed by Ellsworth M. Taylor, a cost expert, but was discontinued in 1911, apparently being ahead of its time.

In 1901, on the advice of legal counsel, Touche, Niven & Co. had been incorporated under the laws of Delaware. By 1913, this form of organization was considered inappropriate for a professional firm; the corporation was dissolved and Touche, Niven & Co. was reestablished as a partnership. The original partners, Touche, Tait, and Niven were joined by Herbert C. Freeman and Frederick G. Colley, who had entered the firm in 1912.

The firm's practice was now expanding, and the first two branch offices outside of New York were opened in 1913 in Minneapolis and Chicago. A third office was opened in 1915 in St. Louis, followed by offices in Cleveland (1919), Los Angeles (1923), Atlanta (1925), Detroit (1927), and
The early fortunes of the various offices of Touche Niven (and of Allen Smart) seem of limited interest today, but they were the essential bases for the new firm in 1947. Their record of service to clients provides a proud background to their present operations. It is true that the names of some of the clients only echo the American past — some have gone out of business; others have lost their identity through mergers. Nevertheless, many engagements continued and have evolved into highly valued relationships.

It may seem also that names of some former partners have little present relevance, but all contributed to the heritage of Touche Ross and merit remembrance. Many of them, together with staff members, brought their talents to the merged firm. Their comings and goings throughout the 47 years of Touche Niven history, their shifting assignments in establishing new offices, exemplify the way national accounting firms were created and grew.

When the Minneapolis Office was opened in 1913, one of its important clients was the Pillsbury Flour Mill Company, organized following the termination of the receivership of Pillsbury-Washburn. The first report related to the accounts of the Quaker Creamery Company. Other engagements followed, and in 1925, the opportunity came to serve Mesaba Motor Company, and other bus companies, which eventually grew into the Greyhound Corporation. Edward C. Salveson was in charge of the office from 1913 to 1917. He was succeeded by William C. Beckert, who was joined in 1926 by George C. Ludolph. Beckert and Ludolph continued as joint resident partners in Minneapolis until 1946.

The Chicago office was opened to maintain closer contact with the Studebaker Corporation, which had been a client since that company was formed in 1911. Frederick Colley was the manager temporarily until he was followed in 1914 by Charles R. Whitworth, who had been a supervising senior in the Chicago office of Price Waterhouse. The office issued its first report in 1914 relating to the accounts of the American Potato Machinery Company of Hammond, Indiana. Whitworth was resident partner in Chicago until 1925, when he was joined by Robert C. Brown. Whitworth and Brown were jointly in charge until 1934. Following the collapse of the Samuel Insull utility empire during the depression, charges of using the mails to defraud had been brought against Insull and others, including Insull's outside auditors. Whitworth was one of the defendants. All were acquitted. Later, Brown assumed sole charge of the office and Whitworth retired in 1940. In 1935, C. Alvin Koch was transferred to Chicago, and was made a resident partner. G. Leslie Laidlaw joined the Chicago office in 1937, and became a resident partner in 1945, serving with Brown and Koch.

The St. Louis office was opened in 1915 by Freeman and Henry E. Mendes. Mendes had joined the New York staff in 1910, when, as he later recalled, he was a "raw junior" and the organization consisted of only ten persons, including the two partners - Niven and Freeman, a secretary, and a typist. With Mendes as manager, the St. Louis office issued its first report relating to the accounts of the Crawford County Mining Company, a subsidiary of the Chicago, Rock Island & Pacific Railway Company. Victor H. Stempf joined the staff in the same year and became resident manager four years later, and a partner in 1922. In 1923, Edwin H. Wagner & Co. of St. Louis was amalgamated with Touche Niven; Wagner was made a partner and became joint resident manager of the St. Louis office with Stempf. Several years later Edwin H. Wagner, Jr. joined the staff. He became staff manager in 1936 and a resident partner in 1939.

Touche Niven's Cleveland office was opened in 1919 by Henry Mendes, who had become a partner of the firm that year. The first report related to a scrutiny of inventories of the Laidlaw plant of the Worthington Pump & Machinery Corporation.

The Los Angeles office was opened in 1923 with Constantine A.H. Narlian as resident partner. The move was prompted by the desire to serve the expanding interests in the motion picture industry of William Fox, who had been a client for a number of years. Upon Narlian's retirement in 1926, Edward L. Barette took over under a limited partnership arrangement, merging his former practice on the Pacific Coast with Touche Niven. After ten years he again opened his own office. George J. Lehman then moved from Cleveland to become the resident partner. By 1945, the clientele had increased to the point where Charlie J. Ross, who had been with the New York staff since 1930, was appointed principal assistant to Lehman.

Early in the firm's history, there had been engagements in the Detroit area, including an investigation of the financial affairs of the Pere Marquette Railroad, and an auditing of properties of the Studebaker Corporation. In 1927, it was decided to open a Detroit office through an amalgamation with the local practice of Robert L. Turner and William F. Merrill. The arrangement proved unsatisfactory. Subsequently Merrill resigned in 1928 and Turner in 1931. Until 1947 the office was under the management of Robert S. Waugh, who had been associated with the Turner Merrill firm. Waugh became a partner of Touche Niven in 1936. At the time of the merger,
the practice of the Detroit office was limited to relatively few clients, among them Kelsey-Hayes Wheel Company, who then joined the impressive list of clients which had been developed by George Bailey and his associates.

The growing foreign interests of American companies prompted organization of a foreign practice firm in 1929. The partners were Niven, Mendes, Francis J. Clowes, John J. Hunter, and Donovan M. Touche, son of George A. Touche, who had joined the New York staff. Clowes, who started his career with Touche Niven in 1915, went to France and opened an office in Paris. Roger Boulogne of the New York staff was appointed resident manager. The following year the first report was issued, relating to the accounts of the French affiliate of the Underwood Corporation. In June 1940, when the German armies were at the gates of Paris, Boulogne was forced to leave the city. The war soon made further operations impossible and the Paris office was closed.

In the thirties, prior to these events, George A. Touche had retired. Then his sons withdrew from Touche Niven in 1937. An informal relationship was established between the two firms, ending the original partnership connection.

Touche Niven, during its existence, escaped few, if any, of the problems which confronted the accounting profession. One such problem, which has become increasingly troublesome, was the question of the extent of a public accounting firm’s legal liability.

Starting in 1926, the firm was involved in a protracted litigation. The case is historic because it upset an assumption, which public accountants had long held, that they could be found liable for negligence only by their clients and not by third parties.

Suit, claiming both negligence and fraud, was brought by Ultramares Corporation, a creditor of one of Touche Niven’s clients. Recovery was sought from the firm of losses, suffered as a result of loans allegedly extended on the strength of a balance sheet which the firm had certified. The balance sheet showed net worth far in excess of the actual position as a result of what were later discovered to be false entries in the books, but which the auditors had failed to detect.

The case was heard through several court trials and appeals. When it came to trial in the New York State Court of Appeals in 1931, the questions raised led the New York State Society of Public Accountants, and the American Institute of Accountants, to present briefs as friends of the court, arguing the untenable position in which the accounting profession would be placed if accountants in their reporting could be held liable by third parties.

The court, however, while dismissing the negligence charge on legal grounds, reversed the lower court’s dismissal of action for fraud, and granted the plaintiffs a new trial. The trial was never held. By advice of legal counsel, the case was settled out of court to avoid further costly litigation.

In rendering the decision, Justice Benjamin Cardozo held that reports in which honest blunders were involved might indeed constitute negligence only as between accountants and client. However, reports certified without adequate knowledge of the facts, for whatever reason, might involve a degree of negligence from which fraud could legally be inferred, even though there was no intent to deceive. Hence, third parties who had relied on such a financial statement might have cause for action.

The court’s decision became a landmark and the basis for later suits against accounting firms. Questions of legal liability still haunt the profession. In its decision, the court took the position that managements are responsible for the facts in financial statements; that there is a practical limit beyond which the most rigorous auditing procedures cannot go. It further held that reports are opinions only, with such clearly-stated qualifications or reservations as may be deemed necessary under the profession’s code of accounting principles.

When Touche Niven was merged in 1947, John Niven was 76 years old. He had reason to view with some satisfaction the record of the firm he had established so many years before. John C. Kohlreiser, Thomas W. Brown, Henry Mendes, Jacob Friedman, C. Herbert Gale, and Carol F. Hall, partners in the New York office, and their fellow partners in the field offices, were serving a clientele which was nationwide, and diversified throughout the spectrum of American industrial and commercial life. It was apparent, however, that the firm had reached a plateau. Somehow it had to find ways to grow if its traditions of integrity and excellence were to be carried forward into the second half of the twentieth century.
SIR GEORGE TOUCHE, BART., C.A., 1861-1935

He was a man of the twentieth century in the Elizabethan style. Into a lifetime of 74 years, he crowded four successful careers — as a brilliant chartered accountant, an organizer and director of international investment trusts, a leading figure in the financial world of the City of London, and a Member of Parliament. He was a persuasive orator, a lover of literature, a poet, and an accomplished writer in prose.

A man both of deep intellect and emotion, he delighted his friends and associates with his sense of humor, and won their loyalty and affection with his courteous ways and generous spirit. Small wonder that this extraordinary Scotsman won many honors, was knighted by King George V in 1917, and was made a Baronet of the United Kingdom in 1920.

The international accounting firm which now bears his name owes its origins to the genius that set in motion its antecedents in London, the United States and Canada, and inspired the growth which is recorded in this history.

He was born on May 24, 1861, one of four sons and three daughters of a banker. When he completed his apprenticeship with Alexander Niven in 1883, he passed the examinations in actuarial science and political economy to become a Scottish chartered accountant.

After practicing for several years in London, he found himself in 1889 secretary for the newly-formed Industrial and General Trust. His career took a new direction — a growing involvement with investment trusts.

Touche, as an accountant, early perceived that the examination of existing and potential investments in companies at home and abroad — the organization, management, and reorganization of companies in trouble — required information which could only be supplied by competent auditing firms. He saw the need and opportunities for new firms, in whose policies and practices he would have a hand. The natural result was the formation of George A. Touche & Co. of London and Birmingham in 1898; of Touche, Niven & Co. in New York in 1900; and of George A. Touche & Co. in Canada in 1911.

A Scottish invention, investment trusts were booming by 1889 — spurred by the success of the original Scotch-American Investment Co. (founded in 1873) and by the opportunities presented by the demand for capital to finance enterprises in North America and elsewhere in the Empire. The boom led to abuses, irresponsible management, overextension of credit, losses to shareholders, and public criticism.

Confidence was gradually restored by financial leaders, among whom Touche, with his financial flair and integrity, played an important role in establishing sound principles of operation.

Touche's early successes enhanced his reputation and the demand for his services. At the time of his death, he was a director of eleven major trusts and chairman of nine of them. The worldwide spread of British interests inevitably made Touche an internationalist in his viewpoints and involvements. He was a director of companies in North America and watched over British investments in Latin America and the Far East.

Touche's exceptional energies found further outlet in politics. He served in Parliament from 1910 to 1918, and vigorously espoused such causes of the time as tariff and electoral reform.

He was noted for his skill as a lucid speaker on financial matters, both at shareholders' meetings and in the House of Commons. He was especially effective when addressing hostile audiences, bringing to every occasion a wide knowledge of his subjects, a genial manner, and the gift of repartee. It is recorded that after an open-air political meeting in Hyde Park, one member of the crowd was overheard saying to another that he "liked the sandy-whiskered old devil the best."

Touche had married in 1887. He had four children, two of whom entered the accounting profession and are mentioned in these pages. His final years were uneasy ones; the death of his wife, and ill health brought on perhaps by overwork, caused him pain and sleeplessness in his final years. He found some consolation in the natural beauty surrounding his home in Surrey, and in the birds which he loved.
JOHN BALLANTINE NIVEN, 1871-1954

As the son of Alexander Thomas Niven, one of the founders in Edinburgh in 1854 of the world's first society of public accountants, John Ballantine Niven never had any doubts as to his choice of a profession. After an interview in 1924 he was quoted as saying, "When I was a lad, accounting problems and principles were talked over at home as well as at the office; and I suppose I naturally absorbed the purpose of becoming an accountant myself when I grew up. Besides, I liked the work of the accountant, or believed that I should like it; and so I never thought of becoming anything else. I can say now, after a wide experience, that I do not regret the choice of my profession. The work has always been fascinating to me, and is more so today than ever before, because I foresee an increasingly wide recognition of its great usefulness."

John Niven went to school in Edinburgh at George Watson's College and in 1887 was apprenticed to David Pearson of C. & D. Pearson, chartered accountants. He attended classes at the University and was admitted to membership in the Edinburgh Society of Accountants in 1893. His subsequent association with George A. Touche, and Touch Niven made up the substance of a lifetime.

The British journal, The Accountants' Magazine, commented at the time of Niven's election in 1924 as president of the American Institute of Accountants that among "the men of the highest probity in the practice of accounting" to which the profession owed the status it had achieved in the United States, "Mr. Niven has been one of the most respected and trusted."

It said, "He has always been a master of his subject. He has known his work theoretically and practically. He has been a student of everything relating to his profession, especially in its bearing on business organization, and its usefulness in enabling greater undertakings to be administered with complete efficiency."

Throughout the first half of his career, Niven was particularly active in affairs of the profession outside of the work of the firm. He was a director of the New York State Society of Public Accountants in 1918, president of the New Jersey Society in 1916, and president of the New Jersey Board of Public Accountants from 1915 to 1921.

He made notable contributions to the national society and was a moderating influence in resolving conflicts that arose in the formative years of the American Institute of Certified Public Accountants.

His influence was expressed in a resolution of the Executive Committee of the Institute in January 1955, following Niven's death the previous November at the age of 83. It read:

"As an active member of the Institute during its early days, Mr. Niven contributed substantially toward the building of solid foundations. As chairman of the Board of Examiners, he had an active part in initiating the uniform CPA examination. As chairman of the Committee on Publications, he exercised a creative influence in the development of the Journal of Accountancy. For many years he was a member of the Council, the governing body of the institute, and had an important voice in the formation of its policies. In his later years as president of the Board of Trustees of the American Institute Benevolent Fund, Inc., Mr. Niven presided over the grants of aid to less fortunate members of the profession.

"His character and conduct were exemplary. He was loved and admired by those who knew him, both in his own community and in the profession generally."

Niven's strong sense of public responsibility prompted him to give generously of his time to community affairs. For ten or more years, he served as a trustee and then as mayor of his village. He attributed much of the success of his career to a happy home life that began with his marriage in 1905 to Susan Gordon of New York City, whose father, W. Seton Gordon, like Niven, was of Scottish birth and parentage.

For Niven's 80th birthday, two partners from the New York office, Jacob Friedman and Carol Hall, visited their old colleague at his home in Oyster Bay, Long Island. On behalf of the firm they presented him with a sterling silver platter as a token of affection and esteem. Most important to one no longer active must have been the inscription indicating that it came from those who still thought of him as a partner in Touche, Niven, Bailey & Smart.
THE ENGLISHMAN LIKED THE UNITED STATES

Allen R. Smart came to the United States in 1888 on a mission for his brother’s accounting firm. Born in the 1860s near Peterborough, England, he was the youngest of 14 children. The 22-year-old accountant liked the United States and decided to stay.

He was employed by James Anyon of Barrow, Wade, Guthrie & Co., which had been organized in 1883, the first British public accounting firm in New York. Anyon, who had joined the firm in 1886, was one of the founders a year later of the American Association of Public Accountants (now the American Institute of Certified Public Accountants). At the time it had 31 members, many working as individuals in their homes. Barrow Wade was one of the very few firms with an office and staff.

After ten years, Smart became manager of the Chicago office, which had been opened not long before. Soon thereafter he was joined by Edward Gore, who had a small practice of his own. A third associate, W.H. Roberts, left after two or three years to join an insurance company and became one of its top executives.

The Chicago office practice grew steadily, and by 1906, Smart and Gore had been made partners. During World War I, Smart was devoting most of his efforts to clients outside of Chicago, while Gore developed contacts and practice in the city. In Dayton, Ohio, the firm, through Smart’s efforts, built a relationship with the Talbot Interests, owners of the Dayton Steel Company and the Dayton Wright Airplane Company. Other assignments came from the Rentschler, Deeds and Kettering groups. The volume of work led to the opening of a Dayton office.

When the war ended, Smart and Gore established their own firm under the name of Smart, Gore & Co., and most of the clients they had served came with them. They soon opened an office in Los Angeles to serve the National Supply Company and other clients in the area, and in New York City. Here Dayton connections were helpful, as they proved to be on future occasions.

New members joined the staff. Joseph McCarthy left Arthur Young & Co. to become head of the New York office. George Hyslop and Douglas McCallum found the prospects attractive enough to give up their practices.

The firm continued to prosper, but in 1927 Smart and Gore had an amicable disagreement as to future direction. Gore was opposed to a national organization with branch offices. Smart believed equally strongly that any other course would be a mistake.

The partners separated, and the firm of Allen R. Smart & Co. came into being, with offices in Dayton, New York, Los Angeles, and Chicago. Gore confined himself to practicing in Chicago only, and took with him most of the Chicago clients. When Allen Smart died in 1940, his son, Jackson Smart, assumed charge.

The Smart firm continued to expand modestly until World War II. Then its clients, mostly engaged in manufacturing, grew rapidly and the firm’s practice increased correspondingly. Among the clients were United Aircraft, which had started in 1928 out of Dayton beginnings, and Boeing Airplane, an offshoot of United Aircraft and Transportation Corporation. A Seattle office had already been opened to serve Boeing, and another in Pittsburgh to serve the National Supply Company.

Another big step forward was taken in 1944, William C. Waggoner had started his own practice in Chicago, having resigned as a partner of R.G. Rankin & Co. Shortly thereafter, Waggoner merged his practice with the Smart firm, increasing its clientele substantially with the addition of Sears, Roebuck and other engagements.

Waggoner had an unusual career, which came full circle when the Touche, Niven, Bailey & Smart merger took place. Waggoner had been on the Touche Niven staff in St. Louis in 1918, and in its Chicago office in 1922. He left for positions with Armour & Co. and Montgomery Ward, but returned to public accounting with the Rankin firm, first in its New York office in 1927, and then in Chicago.

From 1947 on, the names of men who came from the Smart firm appear frequently in the annals of Touche Ross. Jackson Smart, William Waggoner, William Werntz, Edward Tremper, and Robert Trueblood have taken their place among the list of people whose professional skills and individual personalities have created for Touche Ross “a character of uncompromising integrity.”
PARTNERS OF TOUCHE ROSS & CO.

John Acanfora
Sanford S. Ackerman
Jack F. Adler
Durwood L. Alkire
James D. Allgood
Robert M. Altemus
David Amsterdam
John C. Anderson
Harrison H. Appleby
David P. Archibald
James F. Ascher
H. Wesley Ashendorf
William Atkins
Andre A. Aversa
Ronald J. Bach
Bernard Bachman
Michael D. Bachrach
Jeffrey B. Baldwin
John J. Ballan
John L. Barham
R. Grady Barrs
Edward A. Baumann
Henry J. Baumann, Jr.
Robert H. Bayer, Jr.
William D. Beach
Robert L. Bean
J. Richard Beck
Jerome F. Beeson
Frank S. Belluomini
Robert M. Benjamin
Benjamin S. Bennett
William H. Bennett
Robert M. Berkowitz
Neil R. Bersch
Robert Beyer
Thomas P. Bintinger
John L. Bishop
Fredric L. Blank
Charles A. Blankenburg
Harold Blicksilver
Charles E. Bloom, Jr.
Irving J. Bloom
Donald C. Bobzien
Henry E. Bodman, II
Gregory M. Boni
Alex Borra
Dale S. Bowen
Darryl L. Boyer
Edward L. Boykin
Brenton B. Bradford
Arthur S. Brandenburg
Karney A. Brasfield
Harvey D. Braun
Stanley M. Bray
James C. Bresnahan, Jr.
Herbert J. Brewer
James B. Broadwater
Paul F. Brophy
Gail N. Brown
John F. Bruen, Jr.
Joseph F. Buchan
A. Kenneth Bunger
David V. Burchfield
Joseph S. Burns
Roland O. Burns
Sam Butler
Patrick H. Canary
James G. Carroll
Peter A. Cartwright
Benjamin L. Case
Robert F. Cavins
Nicholas Ceto, Jr.
Sheldon L. Charapp
Dane Charles
Fred W. Christian
Bernard J. Cianca
Carl D. Citron
John F. Clearman
Norman Cogliati
Arnold W. Cohen
Burton J. Cohen
Irwin Cohen
Philip H. Cohen
George A. Coiron, Jr.
Richard A. Coons
John P. Cowart, Jr.
Kay H. Cowen
Donald H. Cramer
John S. Crawford
Edward C. Creek
James M. Crosser
John D. Crouch
Peter E. Cruise, Jr.
Tommy G. Curry
Donald A. Curtis
Michael P. Curtis
Donald A. Custer
Lowell D. Daggett
Jerry M. Daily
Irwin T. David
Keagle W. Davis, Jr.
Rex M. Deloach
Ramon J. deReyna
Thomas H. Devine
M. Jane Dickman
Joseph F. DiMario
Arnold W. Ditri
Robert B. Dodson
Thomas E. Drenten
Elwood R. Dryden
James H. Dunbar
John T. Durkin
Hugh Dysart, Jr.
Joel M. Ebert
James M. Edgar
Robert Eichel
Virgil R. Elkinton
Raymond J. Ellis
W. Keith Engel
Gene H. Englund
T. Jefferson Ennis
Robert C. Estes
Robert P. Fairman
 Nile W. Farnsworth
Ronald S. Fiedelman
Joseph A. Fillip
Stephen A. Findley
Walter Ben Finkel
Joseph R. Finnerty
Stephen . Finney
Elmer F. Fisher
Edward P. Fitzgerald
David L. Fleisher
Norbert A. Florek
Arthur T. Ford, Jr.
Joseph Forman
J. P. Foster
John G. Foy, Jr.
Armin J. Frankel
Richard G. Freidin
William H. Frewert
Gerald Frieder
Nathan Jay Friedman
Roger G. Froemming
Harold L. Fuller
Jack E. Gabriel
William G. Gaede
Richard H. Gallagher
W. Donald Georgen
Louis Gershon
Eli Gerver
Robert P. Gibbons
Milton M. Gilmore
S. Orlin Gire
Thomas L. Gogo, Jr.
William Goldrich
Leonard Goldschmidt
Gerald E. Gorans
Richard W. Gordon
H. James Gram
Robert J. Grant
Albert Greenbaum
W. Grant Gregory
Carleton H. Griffin
Norman C. Grosman
Stanley W. Gullixson
Louis J. Haag
Edward A. Haight
Vern E. Hakola
David B. Hamilton
Paul E. Hamman
Philip Hammer
Edward J. Harrington
Stanley E. Hart
William S. Harter
Donald J. Hausman
S. E. Melvin Hecht
Edwin Heft
Ira Heftter
John D. Hegarty, Jr.
John S. Heil, Jr.
Clarence D. Hein
William D. Helton
Alan D. Henderson
Richard E. Herrinton
Donald C. Heverin
Edwin H. Hicks
Fred J. Hill
Arthur R. Hills
Loren Gale Hoffman
Sidney Hoffman
William J. Holtz
Clarence E. Holtze
Asa L. Hord
Allen C. Howard
James A. Howard
Willard P. Hurst
Charles E. Husted
Jerry B. Jackson
John J. Jefferies
Donald W. Jennings
John A. Jex
Lyonel M. Joffre
Alan H. Johnson
Harry E. Johnson
James J. Johnston
Harry Lamar Jones
Richard A. Kanton

Marvin Kantor
Gordon L. Kauffman
Robert S. Kay
Fred O. Kelley
Daniel J. Kelly
John F. Keydel
Charles A. Koempel
Walter J. Kofski
Sidney Kohleriter
James L. Konkel
Henry C. Korff
Carl A. Kraemer
Ulrich Kraemer
Leon Kranztohr
George Krauser, Jr.
Gilmour M. Krogstad
Walter J. Kupchak
Robert B. Lancaster
Rocco A. Laterzo
Thomas C. Latter
James B. Lawrence
Gerald A. LeCroy
James H. Lepley
Richard A. Levine
Frederick A. Levy
Jay M. Lieberman
Lee J. Lillie
Carl Lipoff
Bray E. Liston
Vernon O. Liston
Pasquale A. Loconto
S. Del Low
Howard D. Lutz
James M. Lynch
Leo Mackin
Alexander M. MacNicol
John J. Malkind
Earl E. Marcus
Roger C. Markhus
Ralph M. Marsh
Fred E. Martin
John P. McBride
Mary J. McCann
Jack L. McCook
Warren L. McCook
John A. McCreight
Bernard R. McGinnis
John A. McGuire
William G. McMillan
John V. McReynolds
Thomas F. Megan
Arthur Michaels

Christopher P. Miller
Robert B. Miller, Jr.
Rodney T. Minkin
Robert E. Minnear
Robert J. Miracky
Aloysius M. Miot
Leland S. Montgomery, Jr.
Robert J. Mooney
Robert M. Morgan
J. David Moxley
David W. Muir
Dennis E. Mulvihill
Donald J. Mumbach
Alan C. Murphy
Kenneth G. Myers
Edward J. Nangle, Jr.
Howard E. Needleman
J. Maxwell Neely
Howard R. Neff
Alan M. Ness
Fred W. Nichols
Thomas J. Niemann
Richard A. Nishkian
William W. Nuernberg
Marvin J. Nusbaum
Robert W. Nygaard
Howard M. Olsen
Glen A. Olson
Howard J. Orlin
A. Clayton Ostlund
Thomas M. O'Toole
Gerald W. Padwe
Russell E. Palmer
Pasquale L. Pastore
Owen B. Patotzka
Richard A. Patterson
Ben H. Paty
Herbert M. Paul
Ernest J. Pavlock
Clinton R. Pearson
William J. Pennew
Charles Perna, Jr.
Raymond E. Perry
Howard J. Peterson, Jr.
Anton S. Petran
Robert J. Petsche
Leland C. Pickens
James F. Pitt
Robert E. Plain
Carlyle G. Pohlmam
Gerald A. Polansky
Richard M. Pollard
Morton Poloway
William E. Ponder
William D. Power
J. Thomas Presby
Dennis G. Price
Robert S. Puder
Pedro E. Purcell
Lawrence P. Quill
Arthur J. Radin
John J. Randall
Anthony E. Rapp
Warren L. Ross
Raymond J. Revers
Andrew C. Ries
Francis P. Rieser
Gary C. Roats
Lowell L. Robertson
Charles N. Roddy
Fred H. Rohn
Einar S. Ross
Henry J. Rossi
Mervin Rothman
Ben Ruben
Farrell Rubenstein
Paul Rubenstein
Walter K. Rush
Stanley G. Russell, Jr.
Robert J. Sack
Milton D. Safane
Edward Sallerson
Arthur Samelson
Harvey E. Schatz
Robert P. Schermerhorn
Lee E. Schmidt
Frank S. Schneider
Donald A. Schnobrich
John S. Schott
Frederick J. Schwab
William J. Schwanbeck
Arnold Schwartz
Howard S. Schwartz
Lawrence J. Scully
James E. Seitz
R. Terry Seitz
Charles T. Sexton
Nathaniel J. Sharlip
John C. Shaw
Robert M. Shehan
J. Winston Shelton
Hans J. Shield
Richard G. Shuma
James R. Siddle
Clemens H. Siemer
Steven Simich
Lester Singer
William Sivoletta
James L. Slaughter
Leonard J. Smith
Neil H. Smith
Walter H. Soderdahl
George E. Spalding
Leo Spandorf
Max F. Sporer
John F. Y. Stambaugh
Charles F. Stamm
Joseph F. Stampe
Don F. Stark
William H. Stark
Bernard S. Sterling
C. Eugene Sturgeon
Arthur G. Supon
William R. Sutherland
Misag Tabibian
E. Palmer Tang
Eugene G. Taper
Page J. Thibodeaux
J. Robert Thomas
George O. Tonks
Frank L. Tosti
Ward G. Tracy
Frank H. Tranzow
Donald J. Trawicki
Robert M. Trueblood
Theodore F. Tucker
Walter A. Turner, Jr.
David Uzel
John Van Camp
Philip R. Vanden Berge
David J. Vander Broek
Richard F. Van Dresser
Russell F. Viehweg
Donald E. Visconti
Thomas B. Wall
Irl C. Wallace
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Alvin E. Wanthal
Donald H. Ward
Paul E. Warnick
Donald H. Waterman
C. Russell Watson
Wendell E. Watts
Edward A. Weinstein
Louis A. Werbaneth, Jr.
Roy C. Wetterhall
R. Donald Whelan
Donald C. Wiese
Daniel J. Willig
Robert D. Wishart
Harry W. Witt
Donald R. Wood
R. Dixon Wood
Carroll D. Wright, Jr.
John A. Yerrick
Ralph Young
Melvin J. Zimmer
Herbert J. Zimmerman
Russell E. Zimmermann
Michael J. Zito

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John A. Crafts
Francis H. Daft
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Primrose W. Fisher
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J. Shannon Gustafson
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Paul Katzen
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William C. Bechert 1948
Neil R. Bersch 1971
Donald J. Bevis 1949-1959; 1961-1963
Charles E. Bloom, Jr. 1970
Gregory M. Boni 1967
Karney A. Brasfield 1963-1968
Robert C. Brown 1948-1949
David V. Burchfield 1971-1973
John D. Crouch 1957-1970
Keith Cunningham 1967-1969
Robert B. Dodson 1969-1973
T. Jefferson Ennis 1955-1957
Jacob P. Friedman 1948-1954
Roger G. Froemming 1966-1967
Milton M. Gilmore 1964-1972
Gerald E. Gorans 1964-1969
Carleton H. Griffin 1970-1973
J. Shannon Gustafson 1968-1969
Carol F. Hall 1949-1951
Paul E. Hamman 1961-1969
Edwin Heft 1967-1973
Allen C. Howard 1964-1966
Donald W. Jennings 1966-1973
Wallace M. Jensen 1955-1956; 1959
Ralph W. Hunt 1950-1961
S. Del Low 1973
Kenneth Mages 1958-1959
John W. McEachren 1948-1963
Henry E. Mendes 1948-1949
J. David Moxley 1973
Russell E. Palmer 1971-1973
Robert S. Puder 1970-1973
Kenneth S. Reames 1960-1966
Lowell L. Robertson 1972-1973
James E. Seitz 1970-1973
Leroy E. Shadlich 1960-1962
Robert M. Shehan 1970-1973
Jackson W. Smart 1948-1963
Richard C. Stratford 1963-1965
E. Palmer Tang 1960-1973
Edward P. Tremper 1958-1963
Robert M. Trueblood 1960-1973
William C. Waggoner 1948-1954
Edwin H. Wagner, Jr. 1950-1960
William W. Werntz 1951-1965

Owen Lipscomb
Ralph G. Lucas
Horace A. Mann
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Samuel J. Needleman
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R. Allan Parker
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Melville M. Tuber
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Edwin H. Wagner, Jr.
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Dorothy G. Willard
William S. Woodman
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Boise, Idaho
Boston, Massachusetts
Buffalo, New York
Charlotte, North Carolina
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Colorado Springs, Colorado
Corpus Christi, Texas
Dallas, Texas
Dayton, Ohio
Denver, Colorado
Detroit, Michigan
Elizabethtown, Kentucky
Fresno, California
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Hackensack, New Jersey
Honolulu, Hawaii
Houston, Texas
Jackson, Mississippi
Jacksonville, Florida
Kansas City, Missouri
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Louisville, Kentucky
Melville, New York
Memphis, Tennessee
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Milwaukee, Wisconsin
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Newark, New Jersey
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New York, New York
Oakland, California
Ocean City, New Jersey
Oklahoma City, Oklahoma
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St. Louis, Missouri
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Santa Ana, California
Santa Rosa, California
Seattle, Washington
Toledo, Ohio
Tulsa, Oklahoma
Washington, D.C.
Worcester, Massachusetts

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Ireland
Italy
Jamaica
Japan
Jordan
Kenya
Kuwait
Lebanon
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Mexico
Netherlands
New Hebrides
New Zealand
Norway
Panama
Peru
Philippines
Puerto Rico
Rhodesia
Samoa
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Trinidad & Tobago
United Kingdom
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Venezuela
Zambia