Memphis -- An Office profile

Anonymous

James H. Karales

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs

Part of the Accounting Commons, and the Taxation Commons

Recommended Citation

DH&S Reports, Vol. 16, (1979 no. 4), p. 01-10

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.
Memphis. The name conjures up images of bales of cotton stacked high on piers, of steam-driven paddle-wheelers lazily plying the Mississippi. But if you're looking for a typical example of the sleepy ol' South, you won't find it in Tennessee's largest city. Indeed, there are those in Memphis who, pointing to the continuing migration of business and people from the north to the Sun Belt, say Memphis is another Atlanta on the verge of happening.

Memphians, however, have not been content to sit back and wait for things to happen. For years now the city's center of gravity has been shifting to the east, along the Poplar Avenue corridor, reflecting the expansion of established businesses and the influx of new ones. Today the city stretches from the Mississippi River to its eastern anchor, the Ridgeway Center complex of condominiums, office buildings, shops and hotels.

Memphis has long been a leading cotton market; indeed, it remains even today the largest spot cotton market in the country. It is an agricultural center for soybeans and hardwoods, as well as a major distribution center, with one of the country's most extensive air, rail and road networks serving what may well be the most comprehensive system of warehouses and related distribution facilities in the United States. Memphis' description of itself as Mid-America Headquarters makes sense when one looks at a map and sees how many key cities and market areas lie an hour or less away by air.

Indeed, one of the country's largest airlines advertises Memphis as its "Gateway to the West."

In an effort to attract a larger volume of conventions and trade shows, Memphis recently constructed the Everet R. Cook Convention Center, which boasts two auditoriums, one seating 2,424 and the other seating 4,331, and two major exhibit halls. The Cook Convention Center is located adjacent to the Civic Center Plaza, a striking open area and fountain surrounded by city, county, state and federal government buildings. The convention center and the plaza are located at one end of Mid-America Mall, said to be the largest pedestrian mall in the country. Plans for a nearby convention hotel complex are presently under consideration.

At the present time work is progressing on Volunteer Park, which will stretch along Mud Island in the...
Taking advantage of fine weather to hold a discussion outdoors in the roof garden of First Tennessee Bank headquarters building are (l. to r.) Harold Levell, DH&S tax partner in Memphis; Kelton Morris, vice president and manager of the trust division for First Tennessee; Johnny Horner, trust income tax manager; Norris Avey, vice president and trust officer for First Tennessee; and DH&S tax manager Bill MaGee. First Tennessee Bank is the largest financial institution in the state.

Mississippi, just across the narrow Wolf River channel from the convention center. Attractions at the park, when completed, will include a working model of the Mississippi River from Cairo, Illinois to the Gulf of Mexico; a museum of the river's history, folklore and geography; a yacht club; and restaurants, picnic gardens and shops.

The history of Memphis stretches back to the sixteenth century, when the Spanish explorer Hernando De Soto led a party that established a shipyard on the site to build barges and boats to cross the Mississippi. At the end of the century the French built forts on the bluffs overlooking the river. In 1794 Spain, claiming exclusive rights to the lower Mississippi, built its own forts in the area.

Before the end of the eighteenth century, land in the vicinity of what is now Memphis was owned by some of the most influential citizens of the United States, including Andrew Jackson, James Winchester and John Overton. As part of a move to ensure the right of free navigation on the Mississippi for the United States, the three men sent to what is now Memphis a small group of people who established the first permanent settlement in 1819. The settlement was incorporated as a town of 500 citizens in 1826, and a city charter was granted in 1849.

Memphis was a major terminal for the Confederacy during the War Between the States until June 6, 1862, when possession of the city passed into Union hands after a key naval battle on the Mississippi. Two years later, in August 1864, Confederate General Nathan B. Forrest entered the city and took several hundred Union prisoners.

Deloitte Haskins & Sells came to Memphis, seat of Shelby County, in 1963 when an office was established as an affiliate of Saint Louis. It became a main office in 1965 when DH&S merged with the important local firm of Homer K. Jones. Today seven of the Big Eight public account-
Inspecting Supervisory Control and Data Acquisition (SCADA) system control room at Memphis Light, Gas and Water Division are David F. Hansen (seated r.), MLGW president; DH&S audit partner Gene Cartwright (seated l.); W.R. Gardiner (standing l.), treasurer of the city-owned utility; Richard T. Ryans (standing c.), DH&S audit staff; and Ian Marshall, a DH&S accountant from Durban, South Africa, who is in Memphis as part of the exchange visitor program. The terminals shown are part of SCADA, which automatically monitors the status of the gas, electric and water systems.

ing firms are represented there. The DH&S office, located in the First Tennessee Bank Building, serves an area stretching west across the Mississippi to Little Rock, Arkansas, south to Jackson, Mississippi, east to the Tennessee River, and north to the Kentucky-Missouri borders.

For Stewart G. Siewert, partner in charge, coming to Memphis was like returning home after a series of moves that took him halfway around the world. Born in Corinth, Mississippi, east of Memphis just across the Mississippi line, Stu completed his undergraduate work at Tennessee Polytechnic Institute before serving three years with the U.S. Army. After being discharged from service, he entered the University of Tennessee as a graduate student and received his master's degree in 1961.

Stu joined the Atlanta office of DH&S in 1961, transferred to Executive Office in New York City in 1968, and returned to Atlanta two years later. In 1971 Stu transferred to the Tokyo office, where he was admitted to the firm as a partner in 1973. He was named partner in charge in Tokyo in 1974, the position he held until his transfer to Memphis as partner in charge in 1977.

In addition to Stu, the partner group in Memphis includes Gene L. Cartwright, accounting and auditing coordinator, and Harold G. Level I, who is in charge of the tax practice. Born in Skiatook, Oklahoma, Gene Cartwright entered Oklahoma State University, had his studies interrupted by a tour with the Army, and then returned to OSU to earn his bachelor's degree. He joined DH&S in Tulsa in 1957 and transferred to the Research Department in Executive Office in 1963. Gene remained in EO until 1966, when he moved to Memphis, where he was admitted as a partner in 1972. Harold Level I, a native of Kemp, Texas, graduated from the University of Texas with a bachelor's degree and an award for the highest grade average in accounting. He joined the Dallas office of DH&S in 1954, entered the military the following year, and returned to DH&S two years later after completing his service. Harold transferred to Honolulu in 1960, where he remained until moving to Memphis in 1965. He was admitted to the firm in 1970.

"We prefer to give our people increasing responsibility as quickly as they can handle it," Stu said, "and everyone in the office knows that advice and assistance are available from more-senior persons whenever needed. We all take our responsibilities as supervisors — and teachers — very seriously. But in an office the size of ours, I find that not only is overall efficiency increased by letting people work at their own pace, but also most of our people tend to be even more demanding of themselves — of their performance — than we are. In basic terms, you can say that our people are professionals; they don't have to be pushed, because they recognize that they really are responsible for setting the pace of their own development."
The accuracy of these observations is reflected clearly in several aspects of office activities. One of those is comprehensive business services, the name used in Memphis for services to small and growing businesses, headed by manager Tom McCormick. According to Tom, who works with staff accountant Colleen Listengart and reports to Stu, a CBS program was instituted in June 1979. In little more than four months, twelve new clients were engaged as the result of a strong campaign by everyone in the office.

"I think we were all surprised at how successful many of our younger staff people were in finding CBS clients for us," Tom said. "They really went out there and beat the bushes — and it worked. We’re providing a very broad range of services now to these clients — everything from monthly financial statements to full audits for a broad spectrum of businesses."

Tom, who also heads the Memphis office staff training program and has taught auditing at Memphis State University, said that the strong support of the entire management group was an important reason for the success of the program. "We can call on anyone in the office for help if we need it," he said. "Stu, Gene and Harold not only recognized that there was a strong market for comprehensive business services in the Memphis area, but they also believed that this could be a practice-development effort in which everyone could participate. Naturally, we’re very proud that it’s working so well."

Stu agrees. "I think for an office like ours it becomes difficult, perhaps even..."
Checking progress of work on office expansion last fall are (l. to r.) Jim Bennett, Pam Vaughn, Sandy Blockman and Janet Dye, all of the DH&S tax staff. The additional space was taken by the Memphis office largely to accommodate the growth of the tax department.

impossible, to draw sharp lines between the various segments of our practice. Perhaps that's as it should be; I don't think you really can or want to isolate people from each other just because one may be in auditing and another in tax. You know, college football is very big in this part of the country. I like to think that our office functions like a winning football team; we all have our roles, our own positions to play, but the success of the team depends on the performance of every individual and how well we work together.

The practice-development program is under the direction of audit manager Dan Duncan, who heads the PD committee, but the whole office is involved in practice development. "We have linked our practice-development goals with the firmwide management-by-objectives program," Stu said. For example, specified objectives have been established for partners, managers and seniors concerning potential client contact, the giving of speeches and the writing of articles.

It really doesn't matter, Stu insists, whether you call these minimum standards or goals. "What is important is that they give our people realistic figures to shoot for," he said. "Here, too, our people recognize that practice furtherance is part of their responsibility as professionals, and that to a very real degree their success is reflected in the office's success which, in turn, is a reflection of the success of the practice-development effort of which they are a part. Our people are expected to participate in this program, and they know we are evaluating their activities and progress — and they know they'll get due recognition for their efforts and for the results they achieve. No one works in a vacuum in Memphis."

Stu said that the success of the Memphis office recruiting program was due in part to the outstanding performance of audit supervisor Sally Herbert — "Sally's an ace recruiting coordinator," he said — and to the emphasis placed on broadening the sources of recruits for the office. I think you should have a reasonably broad base of people from different parts of the country," Stu said. "Aside from the fact it gives you different perspectives on various matters, widening your recruiting sources gives you that much larger a pool of talent from which to choose; in effect, you can talk to a much larger number of really talented people.

The recruiting efforts of the Memphis office center on the University of Mississippi in Oxford, Memphis State University and Christian Brothers College in Memphis, and the University of Tennessee in Knoxville. Shortly after he arrived in Memphis, however, Stu began putting more emphasis on getting good people by referral from other DH&S offices, and the Memphis staff now includes graduates from such schools as New York University, University of Denver, Notre Dame,
David Coombs (2nd l.), secretary-treasurer of Anderson-Tully Company and a DH&S alumnus, explains process for producing laminated planks shown in photo to DH&S senior Richard Carlsen (l.), audit supervisor Carol Gearhart (c.), staff accountant Leslie Johnston (2nd r.) and audit manager Dan Duncan (r.). Anderson-Tully, one of the largest hardwood producers in the country, harvests some seventy million feet of hardwood annually, which it processes in three sawmills and three laminated-flooring mills, including this one in Memphis.

Shown outside safe deposit vault at main branch of Union Planters National Bank of Memphis are (l. to r.) DH&S tax partner Harold Level; Jim Springfield, executive vice president-trust for Union Planters; Bill Brown, DH&S tax staff; and Jim Kleiser, senior vice president and trust officer and internal legal counsel for UP. The bank has more than thirty full-service branches in Memphis, as well as a number of free-standing teller machines.
University of Illinois, Georgia State University, University of Kentucky, University of Maryland and the University of Alabama. "We've got a good mix of people from this region and from other parts of the country. It's really working well," he said.

For Gene Cartwright, who with Stu heads an auditing group made up of three managers and sixteen staff accountants, the nature of the audit practice in and around Memphis is changing. "There are a number of large manufacturing plants in this area," he said. "For example, International Harvester, Kimberly-Clark, Procter & Gamble, Schering-Plough, Inc., Firestone and Du Pont all have sizable operations in this area. And Sharp, the large Japanese manufacturer of calculators and other electronic equipment, is opening a plant here. But business in this area is not predominantly manufacturing.

"One interesting trend," Gene pointed out, "is the number of foreign-owned or controlled operations locating here. You have Nissan Industrial Equipment Company, which distributes Datsun forklifts all over the United States; Gulf Coast Grain, part of Japan's Mitsui operation; Helena Chemical, owned by the German Bayer group; and Hirani Investments, a hotel chain owned by a Canadian group. All of these are DH&S audit clients," Gene said, "and we were engaged for much of this work on the basis of our proposals in competition with other accounting firms."

Gene also noted that the audit work of the office is highly diversified because of the nature of the business community in and around Memphis. "Distribution is very important in this area because of our facilities and our location. But agriculture and agriculture-related operations still account for a sizable part of our economy. Cotton continues to be important, and soybeans now are a major cash crop. Having an agribusiness specialist like audit manager Maury Knowlton in our office really helps our practice in the agricultural sector.

"In addition," Gene continued, "several national hotel chains are headquartered here — Holiday Inn, in fact, started in Memphis. This area is also one of the largest hardwood markets in the United States. One of our audit clients, Anderson-Tully Company, harvests some seventy million feet of hardwood a year, which it then processes in three saw mills and three laminated-flooring mills. Our client mix also includes communications companies, insurance agents and underwriters, financial institutions and a utility, Memphis Light, Gas and Water Division, which is owned by the City of Memphis.

"I think one of the reasons we've been able to attract so many good people here is because of the diversity of our practice, because of the broad exposure it provides in accounting and auditing techniques and problems. As a matter of fact, we have in our office now an accountant from Durban, South Africa, Ian Marshall. Ian, who wants to
Harold Plumley (r.), president of Plumley Rubber Co., shows reinforced hose ready to receive outer rubber coating to Stu Steward (2nd r.), partner in charge of the DH&S Memphis office. In the rear, Glenn Heinrich (l.), executive vice president of Plumley, and DH&S audit manager Dan Duncan discuss operations of the Paris, Tennessee-based producer of rubber hoses and related assemblies. Plumley Rubber, one of the country's largest manufacturers of extruded and molded rubber products, is a major supplier to the auto industry.

Those in the office also talk with pride about the performance of the tax group — manager Bill MaGee and eight staff accountants — headed by partner Harold Levell. The office this fall added about a thousand square feet of space to accommodate the tax department's growth and its projected expansion.

"Our tax business here in Memphis accounts for about 35 percent of the overall practice," Harold said, "a percentage we're obviously very proud of. There are several reasons why our tax practice has grown. One is the profile of the business community. We have a large percentage of smaller businesses here in the Memphis area, the kind of businesses that generally become a public utilities specialist, is our first visitor under the international exchange program and is assigned to the Memphi Light, Gas and Water Division engagement."

At a meeting of the Memphis Chapter of the Tennessee Society of CPAs at the Hyatt Regency Hotel in Memphis, Dr. Charles Taylor of the School of Accountancy at the University of Mississippi in Oxford spoke with Sally Mary Herbert, an audit supervisor and the recruiting coordinator for DH&S in Memphis. DH&S Memphis maintains very close ties with the university.
have greater need of tax work than of auditing.

"We also have a great group of people here in our tax department. We've put our emphasis on bringing in people with master's degrees in tax and with MBAs with a concentration in tax. Then we give them as much responsibility as they can handle and encourage them to grow as rapidly as is comfortable for them. And like everyone else in the office, the tax people have really been caught up in our practice-development philosophy.

"Both Gene and Harold tend to forget to mention how important their reputations have been in building our practice," Stu observed, "but it has been a key factor. In addition, the office has been encouraging everyone to become involved in community activities as a means of increasing the visibility of DH&S in Memphis. Gene Cartwright is active in the Chamber of Commerce, United Fund and the

Frank Greer (r.), president of the Memphis Chapter of the Tennessee Society of CPAs, chats with Executive Office partner Gary Holstrom and Colleen Listengard of the Memphis office comprehensive business services staff. Conversation took place prior to a regular meeting of the Memphis Chapter, at which Gary was featured speaker. Frank Greer is treasurer of E.H. Crump Companies, Inc., a DH&S client.
International Group as host family for foreign visitors. Harold Levell is president of the Memphis Estate Planning Council, first vice president of the Memphis Rotary Educational Foundation, a member of the board of the Tennessee Society of CPAs as well as director and treasurer of the TSCPA Memphis chapter, program chairman and trustee of the Tennessee Federal Tax Institute and a director and

economic consultant to E.H. Crump Companies, Inc., one of the largest property and casualty insurance agencies in the United States, is a client of DH&S in Memphis. Shown during a visit to E.H. Crump headquarters are (l. to r.) James M. Power, executive vice president of Crump; Memphis PIC Stu Siewert; H. Franklin Greer, Crump treasurer; DH&S audit supervisor Sally Herbert; and DH&S staff accountants Rick Snoddy and Barry Reifler.

treasurer of the Lausanne School, a private institution.

Bill MaGee is cochairman of the Fiftieth Annual Convention of the Tennessee Society of CPAs, vice president of the Memphis Chapter of the Arkansas State University Alumni Association, and a member of the steering committee that created the Mid-South Employee Benefits Council. Audit supervisor Sally Herbert is president of the Memphis Chapter of the American Society of Women Accountants, while audit senior Carol Clarke is a director of the ASWA.

Audit supervisor Carol Gearhart is a member of the board of the Tennessee Society of CPAs and a member of Provida, Inc., a group of business and professional women which sponsors the Girls Club of Memphis. Staff accountant Leon Terrell is treasurer of the Memphis Chapter of the National Association of Black Accountants, and senior accountant Richard Carlsen is a member of the board of the Memphis Area Planning and Design Center, the board of directors of the Alumni Association of the Memphis State College of Business, and the budget committee of United Way.

"The key is people," Stu said, "it's always people, because it's the quality of those people that will determine how much you can do, how far you can go. The team we've built is the reason for the progress we've already made and the foundation of the growth we see in the future."