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Anonymous

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People in DH&S:

Kenneth E. Studdard
Speak to Ken Studdard about recruiting tax professionals for the firm and his eyes light up, for this is one of his great enthusiasms. When he opens a binder containing copies of slides that he uses in his talks to tax specialists and starts to discuss his plans, you can imagine him on the podium, pointer in hand, stressing the importance of tax recruiting.

“You can see it all right here,” he says, pointing to a page full of numbers. “We recruited 123 people to train as tax specialists in 1979. Now our goal is to recruit 22% more in 1980 — and by 1984 we’ll need to recruit 63% more!”

Ken goes on to explain that the need for trained people to enter the firm with a commitment to tax work and an enthusiasm for it is increasing with every passing year.

Primarily he is looking for those holding the master’s degree in tax accounting and for law school graduates with sufficient accounting courses behind them.

Tax work will represent an increasing proportion of the firm’s services in the period ahead, Ken believes, and it is essential that Deloitte Haskins & Sells have a strong force of trained people ready to handle it. Those who know Ken Studdard are confident that he will not rest until he has them. His reputation is that of a very determined person, who sets his goals and then goes to work to reach them.

Since 1977 Ken Studdard has been in Executive Office as partner in charge of tax services. For the twenty years before that, however, he lived in the Houston area and was a member of the Houston office. Now all of the 700-plus tax specialists know him, through his frequent presentations at tax training seminars, his signature on memos and regular contact by telephone. For the sake of others who are not yet acquainted with Ken, this introduction may be instructive.

Kenneth Earl Studdard was born in O’Donnell, a small town in the north Texas Panhandle, back in the Depression days. Herbert Hoover was president then, almost nobody paid a personal income tax, and the federal government was spending only $4 billion a year. When Ken was five years old his family moved to Brownwood, a larger town almost in the geographical center of Texas, where his parents operated a restaurant during Ken’s school years. He helped out in the restaurant when he was of high-school age — a fact that was to play an important part in determining his future.

One thing that stands out in Ken’s memory of his early years, which he has difficulty explaining now, is his very early decision, at about age 11 or 12, to get degrees in both accounting and law. There is no one family member or friend whom he can point to as the source of this inspiration. But it was a decision very firmly taken, and fairly sophisticated for a boy of pre-high-school years. So it was that when a bookkeeping course was offered in Brownwood High School, Ken took it and found it to his liking. After one year’s study at a local college he left home in his sophomore year to study accounting at the University of Texas at Austin.

At this point fate stepped into Ken’s life when he looked for a part-time job to help with college expenses. Because of his having worked in his parents’ business, it was only natural that he applied at restaurants. Soon he landed a job in a cafeteria owned by one Howard T. Cox who happened to be a certified public accountant. After a while, Ken asked Mr. Cox if he could switch from serving food to an assistant’s job in Cox’s office, and he was accepted. So during his second and third years in college, Ken gained experience in both audit and tax work with the Cox accounting firm.
By this time the United States was involved in the Korean war, and military service loomed ahead for Ken. He decided that if he were going into uniform he preferred to get pilot training, so he applied for the Air Force. After several months of waiting, while continuing his college studies, he was called in May 1951, just short of his twentieth birthday. There followed two years of training and assignments at various posts in the Southwest, during which he managed to attend evening accounting courses at Texas Tech in Lubbock, earning credit for eleven semester hours toward his degree. When he was released from the Air Force in 1953 and resumed his studies at the University at Austin, he returned also to his job with the Howard T. Cox accounting firm. Ken found that his work on tax returns with Cox had given him a big advantage in his courses in tax accounting, and by the time he graduated with the B.B.A. degree in 1954, he also had the conviction that he had found the right vocation.

Sticking rigorously to his plan set years before, Ken stayed at Austin and attended the University of Texas law school, continuing to work for Cox and at the same time serving as business manager of his fraternity house. "That schedule didn't leave me much spare time," he commented recently to DH&S Reports, "but it certainly was a great learning experience. I found I just had to plan the use of my time in an orderly way, and I have tried to do so ever since." He got his L.L.B. degree in 1957.

In those days the only recruiters who came to the law school were from law firms. Because Ken had decided that he wanted to join a CPA firm, using his law school training as background for tax work, he went to Houston and sought out the distinguished regional firm of Phillips, Sheffield, Hopson, Lewis & Luther. Here he was employed for six years until the Phillips practice was merged with ours in 1963. During his years with Phillips, Ken did some auditing, but he became increasingly involved in the tax practice, and by 1963 he was the head of the Phillips tax department, which served more than 2,500 clients.

It required considerable managing to unite the policies and procedures of such a large local practice with those of a national firm, and the inevitable pressures of the April 15 deadline for tax return filing did not make it any easier that first season. But Ken Studdard is, by nature, an organizer, so he was able to get the job done on time through close and thoughtful cooperation with his new colleagues. Notable among these was Phil Sandmaier, now retired, who during that first year of the expanded Houston office was on hand to assist in meshing the two organizations into one unified team.

Meanwhile, shortly after he had taken his law degree and joined the Houston firm, Ken got involved in another kind of teamwork. In the summer of 1957 he was sent to Midland, Texas on the audit of a drilling company, where he renewed a friendship with Lorene Hill, whom he had known back in Brownwood. She had graduated from the University of Texas earlier that year with a degree in home economics and was serving as a demonstrator for the state agricultural extension service. Ken and Lorene saw each other frequently during the next year, and they were married in June 1968. At this point Lorene's professional work had taken her to Galveston, on the gulf coast, and she was required as a condition of her job to live within Galveston County. This meant that for two and a half years Ken and Lorene had to live in Galveston, and Ken drove forty-five miles each day to his work in Houston. This came to an end late in 1960 when the Studdards began raising a family, and they moved to Houston for a long stay.

In 1963, just as the events that brought Ken into DH&S were taking place, he displayed his unusual abilities as an organizer in the way he served as general chairman of the annual tax institute of the Texas Society of CPAs. The tax institute held by the state society the previous year had been a financial disaster — expenses too high and attendance too low — and some thought was given to discontinuing it. Then Ken was appointed general chairman for 1963 with a mandate to come up with a different plan. Ken and his committee analyzed the situation, and determined that Texas was just too big geographically, and time was too precious to the kind of people they wanted to attract to a two-day tax institute, to continue holding it in one city. He took his inspiration from the way the California state society had divided its tax institute between the two metropolitan centers, San Francisco and Los Angeles. The beauty of holding the meeting at two centers was that the majority of those attending could go directly to the meetings from home in the morning, eliminating much of the time and expense of travel.

"We held our 1963 tax institute for two consecutive days in both Dallas and Houston," Ken recalls. "The two sets of speakers changed places between the two days, so each of them was present in both cities on alternate days. We all had a lot of fun, it was a fine institute, and — very important — we cleared $10,000!" When he pulled off this feat Ken was all of thirty-two.

The 1963 tax institute of the state society was just one of many activities in which Ken took part in his Houston years, and which left him less time than he liked to be with his growing family, which included three active sons, and scant opportunity to play golf, his favorite outdoor sport. Name a professional or community activity in Houston, and it is a reasonable bet that Ken was somehow involved in it at one time or another. Jaycees, United Fund of Houston, Little League baseball (including being league president) — all were fitted in with countless meetings of nearly a dozen state CPA society and Houston chapter committees. One might conclude that Ken was a bit of a pushover when someone asked him to join a committee or accept a responsible office. The fact that he is a quietly confident,
efficient person who can get things done is what must have led those colleagues to call on him. He is the kind of willing, able team-player that every organization needs.

Ken was for years active in the Houston Estate Planning Council, an organization of CPAs, attorneys, certified life underwriters and bank trust officers. Because the council limited its membership to senior practitioners, Ken and some of his colleagues organized the Houston Estate and Financial Forum, which permitted a much broader attendance by those in Houston who were interested in its monthly luncheon programs. Ken served as a board member of both groups and as president of the Estate Planning Council for a year.

One activity, in particular, of which Ken speaks with great warmth is his service with the Florence Crittenton Association of Houston. Recently merged with the Child Welfare League of America, the Florence Crittenton Association was devoted to providing services and facilities to unmarried mothers and their babies. "One of my banker friends asked me to serve on the board of the association," Ken says, "and he told me it was made up of high-minded, businesslike people, and that I would enjoy it. And he was right!" He recalls with pride that during his activity in that organization the Houston group greatly expanded its services to the young mothers and their children. While Ken was a board member and later president, the association put up a new brick building with counseling rooms, medical services, a cafeteria and space to house thirty-eight expectant mothers. In cooperation with the Houston public school authorities it also started a program under which teachers gave regular classes to the pregnant young women, enabling them to keep up with their schooling instead of dropping out. Ken served the association as president for two years, and counts his work in it as one of his most rewarding experiences.

Within the firm, Ken was selected in 1973 as one of nine partners forming the Advisory Committee on Objectives and Planning, also known as the Long-Range Planning Committee. One year before, he had been appointed to the firm's Tax Advisory Committee, of which he is now the chairman. Service on the two committees required frequent trips away from Houston, and gave Ken considerably more exposure to issues of firmwide concern than he had had before. Early in 1977 Charlie Steele proposed to Ken that he leave Houston for New York and take on the Executive Office responsibility. On reflection he says, "Mentally I was prepared to move."

As head of tax services in EO, Ken finds himself every week balancing matters of immediate moment with others that involve long-range planning. Recruiting today for a stronger tax service force in future years is but one of his major concerns. "Our senior people in the practice offices are hard pressed to serve our present clients, so we must have more trained people," he points out. "And we have
to expand our training efforts because of the increased number of recruits." He says that overseeing the continuing education function "takes a big slug of my time.
Ken also spends a substantial part of his time with partners in charge of regions and offices, and with tax partners, discussing such tax personnel issues as salary structure, promotion policies and transfers.

One of the most demanding aspects of Ken's job has been the development and coordination of the review of tax practice in the offices. The review procedure, started in 1975, now involves about thirty tax partners a year, all volunteers, each of whom visits another practice office for a week and makes a careful review of its performance.

From the constructive comments prepared by each visiting partner for the office under review, Ken and his colleagues draw up a composite constructive comments letter for the use of all offices. By this method, everyone can profit from the lessons learned through the review process.

Under Ken's guidance, functional specialization in the firm's tax practice has taken a big step forward. At present there are twenty practice office partners appointed to coordinate tax work in specialties cutting across industry and regional lines. In addition, there are eighteen national industry tax coordinators, each charged with preparing and executing a program of developing the practice and the people covered by his specialty. While coordinating all of this, and more, Ken is also thinking of the future. "I believe that it won't be long before computer-assisted tax planning proliferates even further," he says. "Terminals will become inexpensive and even more accessible. Ten years from now all our tax specialists may have their own desk terminals."

This and other forms of thinking ahead keep Ken's world a busy one. Yet outside DH&S he puts in an estimated 400 working hours a year as a member of the Executive Committee of the AICPA Tax Division, and chairman of its subcommittee on estate and financial planning. There is no rest for the weary, if they let themselves get weary, but Ken does not show any signs of being overburdened. He is relaxed in manner, calm in his dealing with others. If he ever becomes angry, he does not show it. He has told friends that he regrets the press of work and the commuting to New York from Greenwich, Connecticut that has caused his golf handicap to rise from fourteen in Houston to nineteen in Connecticut. But Ken knows you don't have time for everything.

What has absorbed him most during his professional career? What does he enjoy most about tax work? He answers without hesitation: "First of all, meeting with clients and solving their problems. You enjoy finding a way to help them accomplish what they want. You get a real satisfaction from preparing a case, or a course of action, and then winning in conference with the IRS if a return is challenged.

"In tax, you don't want to be so conservative that you fail to help the client because you are always telling him what he can't do. You want to be aggressive, and imaginative. Sometimes you have to alter the approach, but if you are positive in your attitude you can usually find a way to help the client accomplish his or her basic objective."

"Our objective is to advise clients at an early stage of the tax consequences of business transactions they are planning, and to meet regularly with clients to discuss the effect on their companies of legislative and administrative changes in the tax laws."

To fulfill this mission in a growing firm requires an expanding corps of experienced, highly motivated people. That is why Ken puts so much emphasis on the recruiting of tax specialists. Striking evidence of his enthusiasm for finding talent is the colorful new recruiting brochure, Your Career as a Tax Professional, produced this past summer under his direction.

With two of his three sons now college students in Texas, Earl at Southwest Texas University and Scott at the University of Texas, Ken shows every sign of keeping his home state deep in his heart. In Greenwich, Connecticut, where he and Lorene have recently finished building a comfortable and beautiful home, the winters are certainly colder than in Houston, and the people's accents are different. But Ken is at home in his vocation, as he has been for many years. By training and temperament he is ideally suited for the career he planned when he was a growing boy in Texas.