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Land of Enchantment, Study in Contrasts

Office Profile:

ALBUQUERQUE

The weather had been mild all week — close to freezing at night but warming up quickly to the high fifties or low sixties during the day as the sun rose in a cloudless sky. It was warm for early February, even by New Mexico standards. The sun was bright and the sky clear as audit manager Sam Weidman drove west on Interstate 40 toward the town of Gallup, some 140 miles from Albuquerque, for an early-morning appointment at Atkinson Trading Co., Inc., but he could see the

dark gray clouds piling up over the Zuñi Mountains ahead. The storm front was moving rapidly — last night's weather forecast of snow at the higher altitudes would be accurate.

He ran into the snow fifteen or twenty miles outside Gallup, which lies nestled in the Zuñis just south of the huge Navajo reservation sprawling across the northwest corner of the state and into Arizona. Sam had mounted all-weather tires on the car the week be-

Karolyn McCain, office manager for DH&S Albuquerque, and staff accountant Steve McKernan (both on balcony) discuss snow conditions with skiers at the Sandia Peak ski area. Located in part of the Cibola National Forest, the ski area, more than 10,000 feet above sea level, can be reached by a 2.7-mile aerial tramway — said to be the world's longest — by an automobile road, and, for the more rugged, by a hiking trail from the base. Sandia Peak is hardly half an hour from downtown Albuquerque, while Taos, with some of the best ski slopes in the country, is less than three hours away by car.



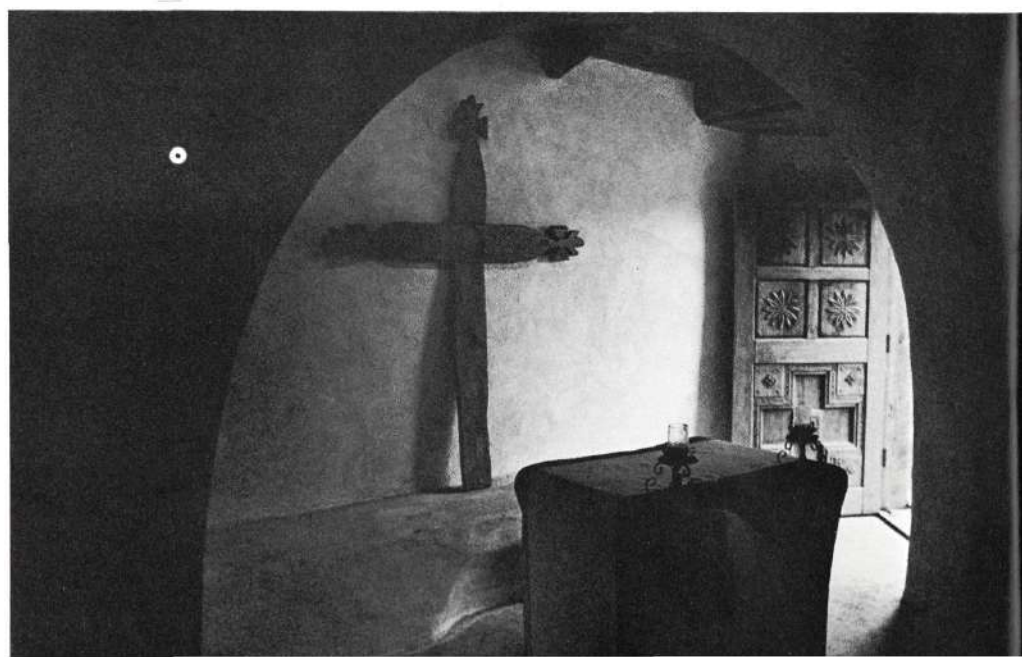
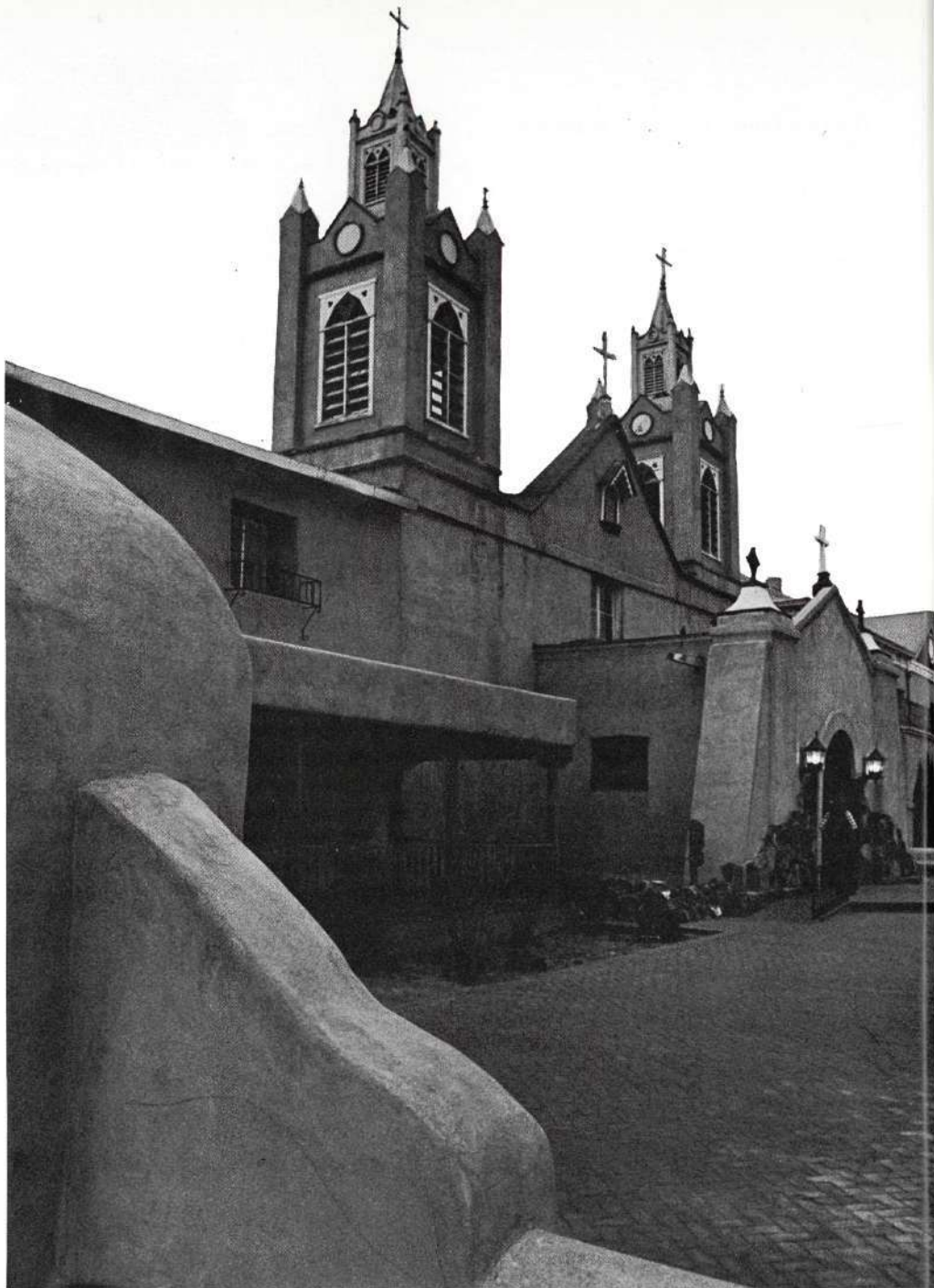
fore — “My wife and I ski the Sandias a lot, and they won’t let you drive into the ski areas unless you have snow tires or chains,” he said — and he wasn’t worried even when the large wet flakes began sticking to the road. For a native of the Midwest like Sam, this amount of snow wasn’t anything to worry about, even though he had to be at another client in Grants, a small mining town some sixty miles back east toward Albuquerque, after lunch. After completing his business in Gallup, Sam drove toward Grants as the snow continued. Traffic was light, and despite the weather Sam made Grants on time, stopping for lunch before calling on the client. The snow had stopped by the time he finished lunch. Later that afternoon, as he drove east toward Albuquerque, the storm had passed — white cumulus clouds ran with the wind across a deep blue sky, casting shadows that slid rapidly across the slopes of the buttes and mesas, their color going from blue-gray to brown to deep red. And the road to Albuquerque was dry.

New Mexico, “Land of Enchantment,” is a study in contrasts. As you ride the 2.7-mile-long aerial tramway to Sandia Crest, 10,678 feet above sea level, the western vista is dry and rocky, almost desert-like. At the crest, the panorama stretches east across some 11,000 square miles of mountains, pine forests and snow-covered slopes. The Sandia Crest ski area, located in part of the Cibola National Forest system, is hardly more than a thirty-minute drive from Albuquerque, and skiers can reach the crest by tram or automobile.

Top

San Felipe De Neri, the oldest church in Albuquerque, dates back to 1706 and is located in the Old Town section of the city, so named because it was the site of the original settlement. The church is said to have served on numerous occasions as a fortress against Indian attack.

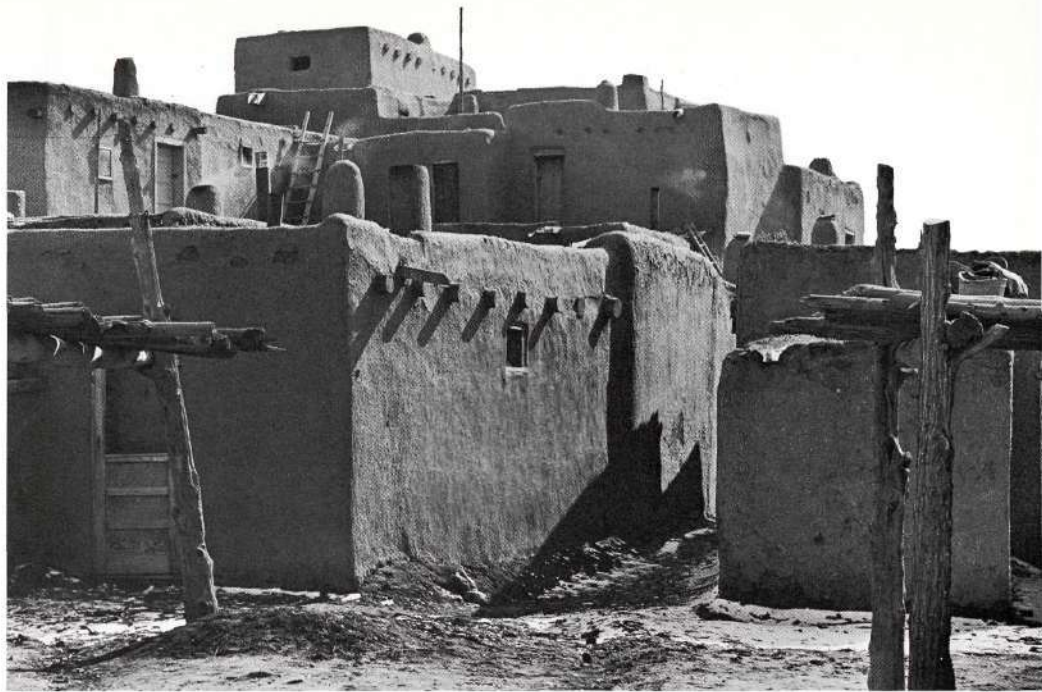
Reconstruction of an old Spanish chapel in the historic Old Town section of Albuquerque recalls the Mexican heritage of the area. This is only a partial view of the interior of the small chapel.



The Taos Pueblo is only one of the attractions of Taos, New Mexico, a world-famous ski resort, which lies about two-and-a-half hours by car from Albuquerque. The Taos Pueblo, parts of which are still inhabited, is the only remaining example of this type of Indian architecture that rises in parts to a height of five stories.

Indeed, for the hardy, there is even a hiking trail leading from the base to the top.

The population of the state also reflects the contrasts that make New Mexico so distinctive — the “Anglos,” whose ancestry traces back to Europe; the Spanish-Americans, largely of Mexican heritage; and the American Indians — the Navajo, the Acoma, the Jicarilla Apache, the Mescalero Apache, the Zuñi and others.



The section of the United States that is now New Mexico was first visited by Coronado's expedition from Mexico in 1540, followed by Spanish colonization in 1598 in the vicinity of Santa Fe. Santa Fe was the terminus of both the Camino Real, or Royal Road, from Mexico and, later, the Santa Fe Trail from Missouri.

Albuquerque, the seat of Bernalillo County, is the largest city in New Mexico — the metropolitan area includes some ninety-four square miles and a population of more than 425,000, almost half that of the entire state. It was founded in 1706 by the Spanish provincial governor, Don Francisco Cuervo y Valdez, who named it in honor of the Duke of Albuquerque, the viceroy of New Spain. (The first *r* in the duke's name later was dropped from the name of the city.)

What is now New Mexico was occupied by United States troops in 1846 during the war with Mexico; it became a territory five years later. The city was occupied briefly by Confederate forces — two cannon from the period still stand in the main plaza of the city's historic Old Town section near the Church of San Felipe De Neri, built in 1706, which in its early years frequently served as a fortress during Indian attacks. Albuquerque served primarily as a military outpost until 1870. In 1883 it became the county seat, and it was incorporated as a city in 1891. It was near the end of the Second World War that Albuquerque really began growing, thanks largely to the establishment and subsequent expansion of medical and scientific research facilities, including many devoted to the study of atomic energy. Sixty-five percent of the free world's uranium reportedly lies

in deposits seventy miles west of Albuquerque.

Deloitte Haskins & Sells established a presence in Albuquerque in 1974 when partner Kenneth G. Krueger came from Colorado Springs to open an office, the third of the Big Eight public accounting firms to be represented in that growing city. Ken, born in Iowa, served with the Army before returning home to earn his degree from the University of Iowa. He passed the Uniform CPA Examination with honors, receiving the Colorado Silver Medal and an Elijah Watt Sells honorable mention for his high standing nationally. Ken joined the firm's Denver office in 1960 and transferred to Colorado Springs in 1970. He was admitted to the partnership two years later.

Our second partner in Albuquerque, Edward F. (Bud) Holm, is a native of Chicago. After completing high school, Bud earned a BS in electrical engineering from the University of Southern California, served a two-year tour with the Navy, and returned to USC to complete work for his MBA. Bud joined the Honolulu office of DH&S in 1966, transferred to Denver three years later, and then moved to Colorado Springs in 1973. He came to Albuquerque with Ken Krueger in 1974 and was named a partner in 1978.

For partner in charge Ken Krueger, one of the attractions of Albuquerque is the contrasts. “Basically what we have is a small-town atmosphere, friendly people and the cultural attractions of a

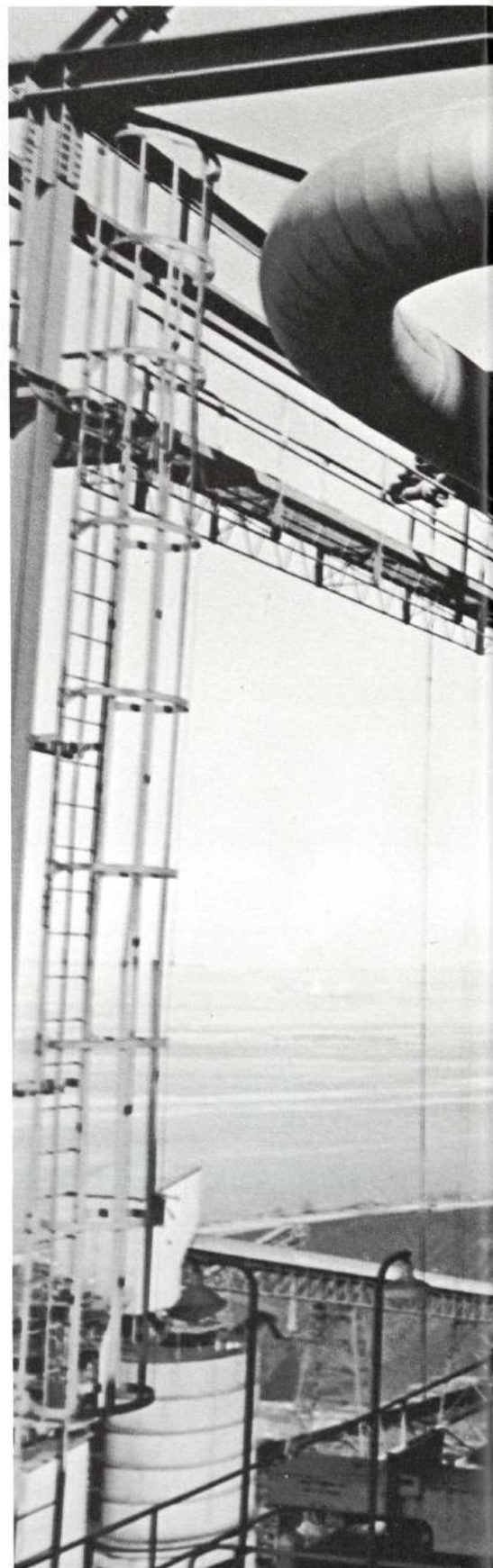
much larger city," he said. On the other hand, he continued, Albuquerque is the financial and government center of New Mexico, homebase for most state and federal government agencies, a locus of medical and scientific research and anchorpoint for sizable military installations. "We've been experiencing a steady increase in population," Ken pointed out, "partly because of a general influx of people looking for a nice place to live and work. Albuquerque is actually more than a mile above sea level and, with its dry desert climate, is very comfortable. We average less than eight inches of rain a year, with very little snow here in the city. And when it does snow here, it rarely lasts more than overnight on the roads and

streets. It's not unusual for the temperature to go into the nineties during the day in summer, but it's so dry that the temperature isn't uncomfortable. And when the sun drops, it cools off quickly."

Bud Holm and his wife, both devoted skiers, bought a home not far from the base of Sandia Crest. "My wife," Bud said somewhat enviously, "can do her shopping and housework in the morning, spend the afternoon skiing on Sandia and be back early enough to prepare dinner."

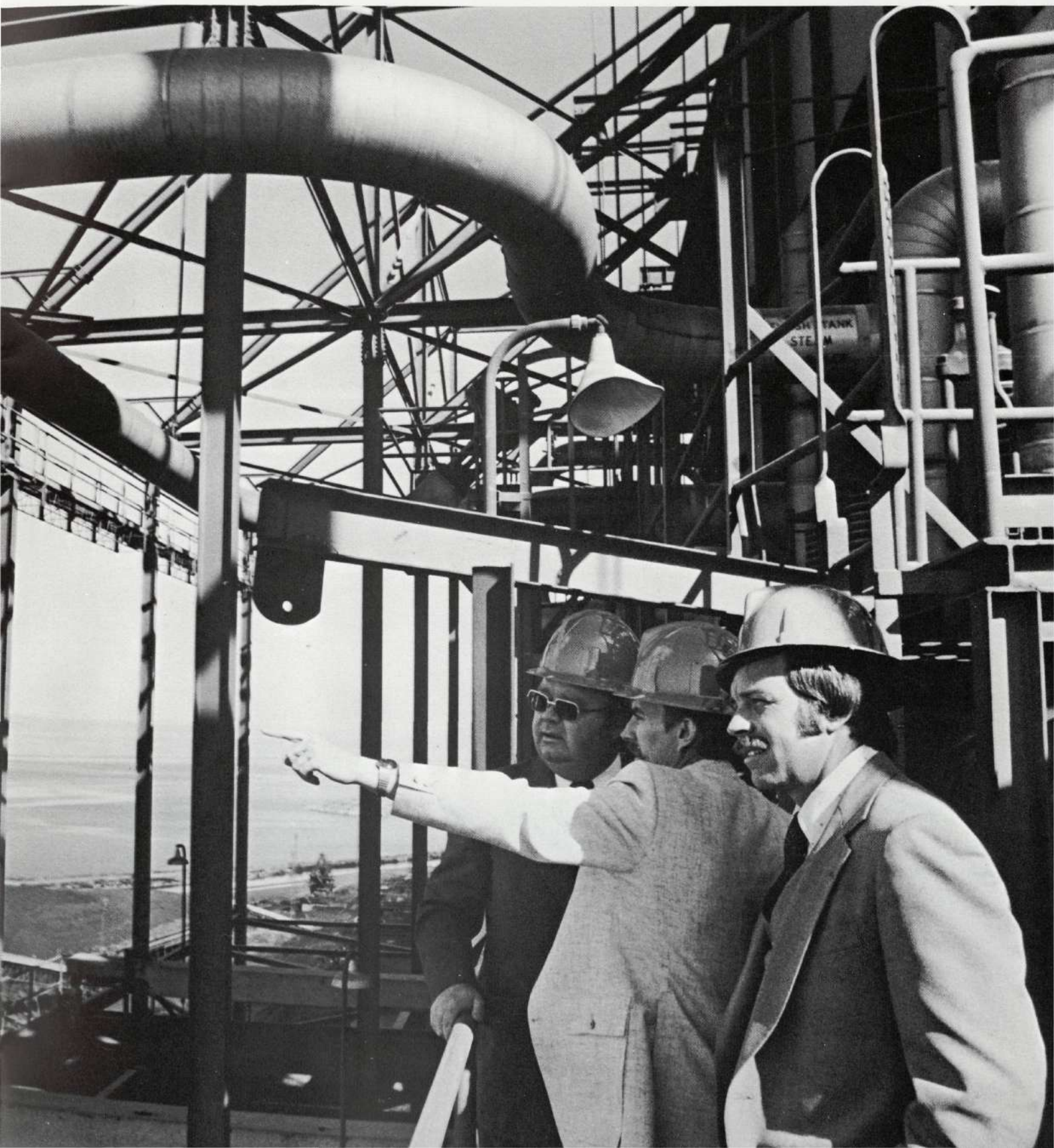
Taos, one of the top-rated ski areas in the country, lies in the mountains about two and a half hours by car northeast of Albuquerque. Santa Fe, a major vacation and cultural center, is even closer. "There's no denying that one of the attractions of Albuquerque is the availability of recreational facilities," Bud said. "This is one of the few places in the country where for at least part of the year you can play tennis or golf and go skiing all in one day if you want to. You have some of the best hunting in the world in New Mexico, as well as fishing. You can climb mountains or explore deserts — and there's

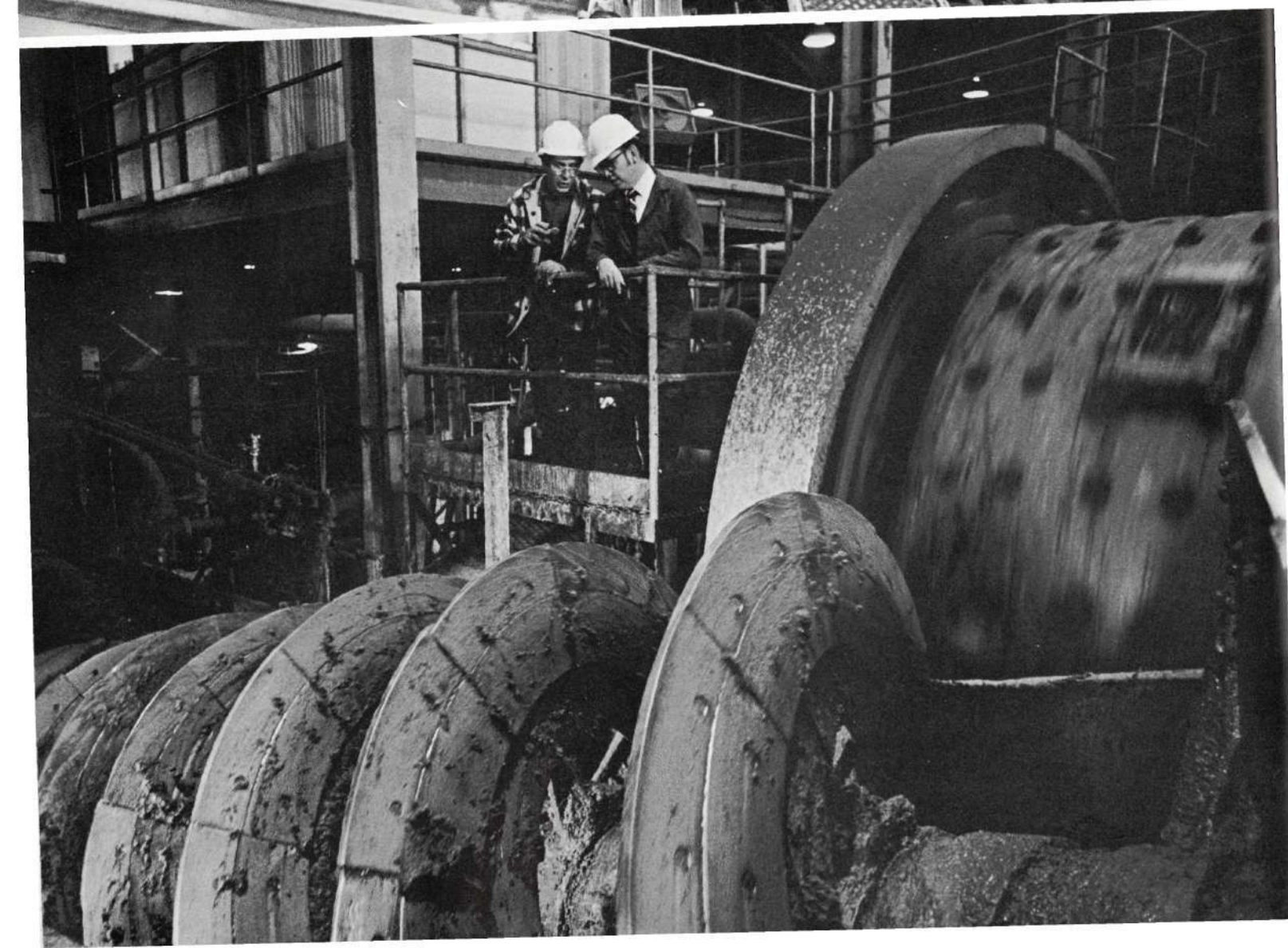
Leroy Atkinson (standing), vice president of Atkinson Trading Company, Inc., and DH&S manager Sam Weidman watch as Raymond Bennett, a Navajo jewelry designer and silversmith, heats sheet silver as he prepares to begin work on a new piece. Atkinson Trading, one of the country's largest wholesaler-retailers of Indian-made products, sells a broad line of jewelry, belts, baskets and other merchandise at its headquarters in Gallup, New Mexico, as well as in nine retail outlets in New Mexico and Arizona.



Donald R. Anderson (c.), vice president of finance for Jesco, Inc. and a DH&S alumnus, points out features of Four-Corners power plant to Albuquerque PIC Ken Krueger (l.) and audit manager Don Sorensen. Jesco, a diversified operation based in Farmington, New Mexico, is best known for its extensive operations in contract main-

tenance work for utilities, including the Four-Corners plant. Arizona Public Service, a client of DH&S Phoenix, is part owner of the generating plant, which gets its name from its location on a Navajo reservation in the northwest corner of the state, where the borders of New Mexico, Colorado, Utah and Arizona meet.





no lack of open space for those who just want to be alone for a while."

But if Albuquerque and New Mexico offer almost unlimited opportunity for the lover of the outdoors, what is there for the dedicated professional involved in a career in public accounting? Both Ken Krueger and Bud Holm are firm specialists, Ken in the health-care industry and Bud in banks and savings and loan associations. The practice of the office is highly diversified and includes not only a number of clients that provide experience for the accountant who wants to become a specialist, but also many smaller businesses where the staff accountant is exposed quickly to a broad cross-section of problems and the services required.

"I think it's important to understand just what the economy and the people are like in this area," Ken said. "The military installations and research facilities — all the government-funded operations, to put it another way — tend to stabilize the general economic base here. You don't get sharp fluctuations, at least not like in other parts of the country. Most of the growth now is in the private sector — scientific research as well as labor-intensive operations like clothing manufacturing and the assembly of electronic circuitry and equipment.

Top

Robert L. Walker (2nd l.), chairman and president of Starline Creative Printing, explains operation of four-color offset press to Albuquerque PIC Ken Krueger (2nd r.), senior accountant Mary Hurst, and manager Don Sorensen during tour of plant. Starline also operates an art gallery offering for sale paintings, prints and sculpture of leading western artists at its facilities in Albuquerque.

Phil Ulibarri, Jr. (l.), safety engineer for United Nuclear-Homestake Partners, explains operations of ball mill to DH&S audit manager Sam Weidman at UNHP uranium-refining operation in Grants, New Mexico. The mill processes uranium ore mined in New Mexico and Colorado and refines it to a powder called yellowcake. The yellowcake has to be refined further and enriched at facilities operated by the federal government before it can be used in commercial and scientific applications.

Marg Krueger, wife of Albuquerque PIC Ken Krueger, and Dr. James C. Moore, director of The Albuquerque Museum, discuss an oil painting by artist Jim Valerio, shown here in the vault of the museum, which was purchased by an Albuquerque bank and donated to the museum. In the foreground is a contemporary interpretation of a Doña Sebastiana, or Death Cart, a traditional Mexican motif. Marg Krueger is a volunteer worker for the museum, which moved into a new building this past summer.



There are, for example, some five hundred manufacturing operations in the Albuquerque area producing a broad range of goods.

"In addition to the medical, scientific, engineering and governmental activities, Albuquerque is home to two universities," he continued. "The University of New Mexico has an enrollment of about 25,000 and fine departments of medicine, electrical engineering, anthropology and Romance languages. The School of Medicine, as a matter of fact, operates one of our clients, the University of New Mexico/Bernalillo County Medical Center. The University of Albuquerque is a private liberal arts school with an enrollment of about 3,400 and also provides an outstanding evening program for students who are employed during the day."

According to Ken, the office maintains close relations with the University of New Mexico in Albuquerque and New Mexico State University in Las Cruces, about two hundred and forty miles to the south and not far from El Paso, Texas, where the Albuquerque office serves several clients in addition to the others throughout the entire state of New Mexico.

"In addition to those recruited from the two state universities, we get some

outstanding employees from referrals," Ken said, "so that we have a pretty fair mix here from New Mexico and different parts of the country. Frankly, we prefer it that way, because in a very real sense that reflects what's happening in Albuquerque itself — probably most of the people here now moved to Albuquerque from other parts of the country during the past twenty-five or so years."

Ken pointed out that during its early years in Albuquerque the office enjoyed an annual rate of growth in practice (based on service hours) of between 35 and 40 percent. "It was a little unusual in some ways," he recalled, "because we spent much of our time meeting local businessmen and letting them know that they now had available the services of another large international accounting firm. Part of our success, I think, was due to the fact our timing was right: businesses were growing, new businesses were moving here from other parts of the country, businessmen were becoming more sophisticated and expecting more from their relationship with an accountant as well as a broader range of accounting and related services. We don't have a resident management advisory services group here in Albuquerque as yet, for example, but Denver is only an hour away by air and we provide MAS

services to clients using our people from Denver."

The audit management group in Albuquerque includes Ken Krueger, Bud Holm and managers Don Sorensen and Sam Weidman. Because of the expertise of Ken and Bud in their respective specialties, the practice includes many health-care clients as well as leading financial institutions. The office, to give only two examples, performs audits of Medicaid cost reports of every participating nursing home in New Mexico — more than forty scattered across the state. "This engagement is structured to give each staff accountant a really solid early exposure to the techniques of auditing and the opportunity to deal with many of New Mexico's business people," Ken said. In addition, Mountain States Financial Corporation, one of the state's largest highly diversified financial operations with holdings in New Mexico and Illinois, is headquartered in Albuquerque and is a client of our office.

Ken and Bud have taken steps to assure the continued growth of our practice in all areas, with concentration at this time on tax and small business. Bud is in charge of an intensive practice-development program which is taking a clearly defined approach to expanding our services to the entire community and state.

Manager John Otten heads up the tax department in Albuquerque, which serves a wide range of clients in many areas of business, including corporations, partnerships, fiduciaries and individuals. "John's extensive experience in serving financial institutions and many small business clients during his assignment with the Omaha office has proved to be invaluable in serving our clients here," Ken remarked. "He and his staff provide an important part of our services to audit and small business clients also."

Manager Sam Weidman presently is in the process of structuring a more formal small business services program,

defining its goals and scope and gathering materials to be used. "This geographic area is heavy in retailing and service or service-related industries," Sam pointed out, "and so a comprehensive small-business approach is almost mandatory. I think the potential in this area of the practice is enormous, and I believe it is going to be one of the real growth areas for our office in the coming years."

Ken, who works closely with Sam in the small-business practice, agrees. "With the types of business in Albuquerque and most of New Mexico, a small-business approach can be of real service to many clients. It will also expose those clients to all of the services we can provide as they grow and prosper. From my point of view, the small-business client tends to rely heavily on his accountant, and frequently a rather close professional relationship is established. This is beneficial for the client and good for the accountant, too, because it makes professional demands on the accountant that are probably broader than he or she might come up against as only a part of a sizable audit team, for example, on an engagement in a larger office. The accountant has an opportunity to grow, to assume more responsibility faster, and to show our clients the caliber of our people and what we can provide in the way of services that are, really, beyond the bottom line. I think that's one of the truly great aspects of a practice like ours."

Although the Albuquerque office had always been practice-development oriented ("We have had to build our practice from nothing to its present level in five years," Bud Holm said), a more formally structured program was put into effect about a year ago. "Now everyone is excited about practice development," Bud observed, "and part of that excitement has resulted from our drawing up a more detailed program to outline goals and objectives for our people. For example, we encourage all professionals to become involved in civic organizations and

public speaking before appropriate audiences as much as possible. Not too long ago, as one example, Mike McCarthy from our Washington, D.C. office and I put on a presentation for all the state's savings and loan associations sponsored by our client, Security Federal Savings and Loan. Also, we try to involve each staff member responsible for an important contact in some way in the process of bringing the prospective new client on board and subsequent service to the client."

"What we're trying to get across," Bud stressed, "is that it is important to identify potential clients we can help, to make our name known in the community and to motivate our staff to think service and professionalism. Both Ken and I, as well as most of our people, are involved in community activities. Ken, for example, is a member of the Board of the New Mexico Symphony Orchestra, is active with United Way and is treasurer of Chaparral Girl Scout Council. I'm president of the Rehabilitation Center, a United Way agency, and treasurer of New Mexicans for Jobs in Energy, a fairly new group which is a coalition of union leaders, citizens, corporate officers and government leaders whose aim is to support responsible energy-related issues in the state. Mining, particularly uranium and coal, is a major industry in New Mexico and important to the economy of the state and to many of our clients.

"Our people here recognize that our situation is much different today from what it was several years ago. We have more competition than we did in the early days and even more opportunity to serve the growing New Mexico business community. Take the savings and loan industry, for example," Bud said. "The industry is going through a very difficult period now, and faces major changes in the coming year. With the expertise we have here in Albuquerque, backed by the broad resources of the firm, we can help our S&L clients weather whatever storms lie ahead, help them to prosper. We

Bud Holm: "We have... even more opportunity to serve the growing New Mexico business community."



can do this, and this is the message we have to get across to them.

"Everyone here knows it will take teamwork and a real effort to maintain the rate of growth we're aiming for, but we all recognize that this will be to our benefit as well as to the benefit of the clients to whom we provide additional services, broader services and better services, so we're all involved in the effort."

Ken Krueger made another important point. "Everyone has his or her own idea of the good life," he said. "Albuquerque certainly has its fair share of cultural events and facilities, whether you are talking about theater groups, music and dance, museums, art galleries. We just have too many well-traveled people in this area who have a good education and sophisticated

tastes for Albuquerque to be a cultural wasteland. If anything, this area — including Santa Fe — is one of the most artistically creative and active in the country. If the orientation is somewhat southwestern and American Indian, so what? Isn't that, in essence, what the word culture means?

"Frankly, I think there are few places in the country, perhaps even the world, where you have such a wonderful climate, so many recreational, cultural and social activities, such a variety of things to do and see, and so many professional challenges and career opportunities available. About six million tourists visit Albuquerque every year, and last year we had some 150,000 people here for conventions. Plans have been made for the building of new hotels and for the expansion of existing facilities as a reflection of the

program of the Chamber of Commerce to attract more convention and tourist business.

"We have a unique way of life in Albuquerque. There are people who say we should not encourage new people and businesses to move here, that they will change, and change for the worse, what we have. I don't agree with them and I don't think any of us here in the office do.

"You can't stop progress and we don't want to stop it. But you can control it, and that is what our city is doing and doing fairly well. Yet, when I take a hard look at what we have, the quality of our personal and professional life, I can certainly understand — and appreciate — why these people feel as they do." □