Tax Aggressiveness in Family Firms

When you think of a family business, your locally owned coffee shop might come to mind. And as you savour a cappuccino there every day, you might begin to feel your investment goes beyond the two dollars and tip you leave on the counter. You might begin to trust the owners as if they were family.

Does the same ring true when investors consider family-owned giants like Microsoft, Wal-Mart and Nordstrom? In general, no, according to Shuping Chen, assistant professor of accounting. Investors tend to feel their investment goes beyond the two dollars and tip you leave on the counter. You might begin to trust the owners as if they were family.

But when Chen and her colleagues examined average tax-sheltering behavior among family firms, they found that such companies who misused funds were few and far between. “The reason?” Family-funded firms are cognizant that investors might question their motives for tax-sheltering activity, resulting in downward pressure on stock prices,” Chen said. Consequently, family owners view tax savings as less financially beneficial than avoiding the chance that stock prices would drop due to negative investor perceptions.

“Our conclusion is that family-owned firms act with the best interest of the firm in mind, rather than in finding a short-term way of extracting funds from shareholders,” she asserts. ◆

Professors Kachelmeier and Koonce Appointed to Endowed Chairs

Congratulations to Professors Kachelmeier and Koonce, who have been appointed to endowed chairs effective September 1, 2009.

STEVE KACHELMIEIR
Randal B. McDonald Chair in Accounting

Professor Kachelmeier concentrates his research in the area of financial accounting, management accounting and auditing. He currently serves as the editor of the Accounting Review, the main journal of the American Accounting Association. Professor Kachelmeier is a twenty year McCombs faculty member.

LISA KONCE
Deloitte & Touche Endowed Chair in Accounting

A member of the McCombs faculty since 1990, Professor Koonce’s research focuses on judgments and decisions made by individual investors and auditors in important accounting contexts. She is a member of the University of Texas Academy of Distinguished Teachers, and was honored in 2009 with the inaugural University of Texas System Regents’ Outstanding Teaching Award.
michael granof said. “it’s also an honor to help shape policies in an area that is so important for the effective functioning of our democracy.”

tom allen, chairman of the fasab, said, “michael is uniquely qualified as an academic who authors both governmental and financial accounting textbooks.”

granof will travel periodically to fasab meetings in washington, d.c.

“i’m very excited about the opportunity,” granof said. “the role of the federal government in our society is expanding dramatically, and it is important that its accounting principles and processes keep up with the changing times. for instance, two years ago few of us would have imagined that the federal reserve would be playing a major role in bailing out our leading financial institutions or that the federal government would own a significant share of general motors and Chrysler. more than ever, the public is demanding transparency in how we account for tax dollars.”

granof also said that his duties in washington will have a tremendous impact on his teaching in austin. “i teach federal accounting standards and now i’ll be able to have more insights to share with my students,” he said.

professor michael clement first came to the university of texas as a professor of accounting at the mccombs school of business in 1997. this fall, his notable work at the university has led him to receive promotions in the workforce that made him a recipient of the ernst & young (e&y) inclusive excellence award for accounting and business school faculty. clement’s much-lauded academic and professional credentials have led him on a path through various jobs across the country. graduating magna cum laude, he earned his undergraduate degree in accounting from baruch college in 1980.

after a few short years as a senior assistant accountant with deloitte & touche, he earned his master’s in finance from the university of chicago. in 1988, clement returned to cisco as vice president of capital planning and analysis. his doctorate in accounting from stanford university followed in 1997. clement reflected on the impact his career has been having in his life, and decided to take the plunge into teaching as an assistant professor of accounting at the university of texas at austin in 1997.

he left the classroom in 2002 to pursue his ph.d. from stanford university. when it was time to return to the classroom, a job with goldman sachs & co., where he became vice president of global investment management, was the right fit. he left the classroom in 2007 when he became director of capital planning and analysis at calpine. he earned his doctorate in accounting from the university of california at los angeles in 1986.

in 1987, clement returned to the university of texas at austin where he has been his home ever since.

When it was time to return to the classroom, clement was appointed to the RICAS division of the mccombs school of business. in 1997, he became the first professor of accounting at the mccombs school of business. clement has been his home ever since.

“i think being a professor is the best job i ever had,” he said. “i never had a job this long, that i still liked and wanted to do. i enjoyed all my jobs, but this is the best one.”

at the beginning of August, the american accounting association’s annual meeting was held in new york city, and clement’s dedication to inclusiveness both in the classroom and at the university paid off. at the meeting, ernst & young announced that clement was one of five winners of the first annual ernst & young inclusive excellence awards for accounting and business school faculty.

by kris tumovski

Professor Michael Clement

In reading through the nominations, i had a chance to learn about an incredible individual he [Clement] is, and his willingness to give constantly to others,” Bouyer said. “I’m really proud to know him.”

While this was the inaugural year for the award, Bouyer hopes to continue the tradition for years to come: “Diversity and inclusiveness is a cornerstone for Ernst & Young,” Bouyer said. “We wanted to take a second to recognize faculty who work in diverse and inclusive cultures.”

The Ph.D. Project is one of Clement’s national projects. It encourages minority students to pursue doctoral degrees in business. Clement was a founding member in 1994 and has since helped recruit doctoral students at UT.

At the University, he advises the KPMG Future Diversity Leaders Program and the National Black MBA Association, which he started, and participates in a faculty and staff mentoring program.

Clement’s recognition is a testament to the faculty and staff at the university in his ability to make class fun and interesting every day. Congratulations!

The Undergraduate Business Council and the Undergraduate Program Office named Accounting Professors Gretchen Cherrier, Jw Kamas and Brian Lendeczy to the Faculty Honor Roll for spring 2009. To make the honor roll, faculty members must garner exceptionally high marks on course instructor surveys. Accordingly, making the honor roll is an incredible testament to our faculty’s ability to make class fun and interesting every day. Congratulations!

Welcome Professor Jaime Schmidt!

Professor Jaime Schmidt joined the McCombs accounting faculty in September 2009. She received her Ph.D. from Texas A&M University, and her B.S. and M.Acc. from Kansas State University. Prior to pursuing her Ph.D., she worked as a CPA and financial statement auditor for BDO LLP in Kansas City, MO. Professor Schmidt teaches Studies in Auditing in the MPA program. Her research interests include audit quality and auditor litigation.}

Michael Granof

Michael Granof, the Ernst & Young Distinguished Centennial Professor of Accounting, has been appointed to the Federal Accounting Standards Advisory Board (FASAB) for a five-year term that runs until June 30, 2014.

The FASAB is an independent organization that issues accounting standards for federal agencies and the federal government at large when producing financial statements. The appointment was made by the Secretary of the Treasury, the Director of the Office of Management and Budget and the Comptroller General of the United States.

“I’ve spent my career studying government accounting standards, so it is natural at some point to want to have a role in setting those standards,” Granof said. It’s also an honor to help shape policies in an area that is so important for the effective functioning of our democracy.”

Tom Allen, chairman of the FASAB, said, “Michael is uniquely qualified as an academic who authors both governmental and financial accounting textbooks.”

Granof will travel periodically to FASAB meetings in Washington, D.C.

“I’m very excited about the opportunity,” Granof said. “The role of the federal government in our society is expanding dramatically, and it is important that its accounting principles and processes keep up with the changing times. For instance, two years ago few of us would have imagined that the Federal Reserve would be playing a major role in bailing out our leading financial institutions or that the federal government would own a significant share of General Motors and Chrysler. More than ever, the public is demanding transparency in how we account for tax dollars.”

Granof also said that his duties in Washington will have a tremendous impact on his teaching in Austin. “I teach federal accounting standards and now I’ll be able to have more insights to share with my students,” he said.

Michael Granof

Robinson Goes to Washington:
Professor Earns Fellowship at Securities and Exchange Commission

Professor John Robinson has been selected as an Academic Accounting Fellow at the Securities and Exchange Commission’s Division of Corporation Finance, the regulatory agency announced July 6, 2009.

“It is a great professional opportunity,” said Robinson, the C. Aubrey Smith Professor in Accounting. “Obviously, there is a lot of regulatory activity right now, especially in the areas where I have focused my research, mergers and acquisitions, and executive compensation.”

Academic Accounting Fellows in the Division of Corporation Finance serve as a research resource for the staff on current financial reporting and auditing issues. In addition, Academic Fellows work with the Division staff to address issues involving difficult and unusual accounting, auditing and financial reporting questions, participate in rulemaking projects, and review filings by public companies to identify significant accounting and disclosure problems.

This is a great time to learn a lot more about how regulators look at issues in accounting and corporate governance,” Robinson said. “At the same time, I hope to bring the SEC some beneficial insights from my research and the academic literature. And I’ll return with more relevant stories and insights for our accounting students at Texas.”

Robinson began his one-year term in Washington, D.C. on August 1, 2009.
Teacher, Mentor, Guide: Professor Lisa Koonce, Winner of the UT Regents Outstanding Teaching Award

Getting up for an 8 a.m. class—especially one notorious for being the toughest account- ing course at McCombs—may not sound like a privilege, but Professor Lisa Koonce’s former students say it was. “Most people would laugh at that statement,” says Benjamin Conner, BBA ’09, MPA ’09; however, it is the person standing at the front of the classroom that makes all the difference. “Effective teaching is Professor Koonce’s specialty,” he says. Blake Covington, BBA ’06, MPA ’07, agrees. “Waking up early to listen about discontinued operations or derivatives wasn’t enjoyable per se, but it made it much easier to get to class knowing it would be interesting and worth my time.”

A reputation for excellence

Since 1990, when Koonce joined the McCombs faculty as an assistant professor, she has distinguished herself by earning teaching ratings well above the McCombs School average. “She has continued this pattern of excellence over the past 19 years, even as she diversified her portfolio of classes,” says Professor Utrio Anderson, chair of the Department of Accounting. While her repertoire is impressive, her name has stood at the forefront of the classroom that makes all the difference. “Effective teaching is Professor Koonce’s specialty,” he says.

Blake Covington, BBA ’06, MPA ’07, agrees. “Waking up early to listen about discontinued operations or derivatives wasn’t enjoyable per se, but it made it much easier to get to class knowing it would be interesting and worth my time.”

A personal touch

Koonce’s biggest strength, says Michael Nesta, BBA ’02, MPA ’02, is the personal interest she shows in her students. By the second class meeting, Koonce knows each of them by name. Throughout the term, her office door is always open and she’s “on-call.” via e-mail so her students can ask questions whenever they arise. “By going to such lengths to make herself accessible, we became accountable for our work because we were provided every opportunity to succeed,” Conner says.

That personal attention carries through the course and out into the real world. Nesta, a member of KPMG’s Accounting Advisory Team, counts Koonce’s support as a key factor in his selection upon graduation to a nationally competitive one-year assistant professor position at Southern Methodist University. “Because of the complexity of the problems, the underlying concept and its application may not be obvious,” she says. Aside from teaching students to think analyti- cally, the group-work cultivates teamwork and other soft skills that are valuable to employers. Conner maintains that these skills were a big factor in his receipt of a full-time job offer at JP Morgan, where he is now a member of the Oil and Gas Investment Banking group.

“When you raise your hand in professor Koonce’s class,” Conner remembers, “your only concern is whether you’ll be called on first.” Students want to participate, not as a way to boost their grades, but because Koonce helps them appreciate the fact that they learn more that way.

To supplement the textbook, Koonce compiles a 500-plus page course packet that includes real-world examples of concepts covered in class, detailed lessons and practical questions. “While it seems intimidating at first, students come to realize that it provides the essentials of the course in an accessible format, thereby facilitating their learning process,” she explains. She also assigns case studies that students work on in rotating groups, creating an environment that is more cooperative than competitive. “Because of the complexity of the problems, the underlying concept and its application may not be obvious,” she says. Aside from teaching students to think analyti- cally, the group-work cultivates teamwork and other soft skills that are valuable to employers. Conner maintains that these skills were a big factor in his receipt of a full-time job offer at JP Morgan, where he is now a member of the Oil and Gas Investment Banking group.

“If students see me demonstrating a passion for the subject, inevitably they are affected by my energy and more actively engage.” — Professor Lisa Koonce

Assistant Professor

Dolores Graf Lawrence, BBA ’72, is a director at Blue Ridge ESGP Associates in Charlottesville, Virginia. Blue Ridge is a national provider of consulting and planning services for employee stock ownership plans.

Marvin Blum, BBA ’74, is named the “Nation’s Top 100 Attor- neys” by Worth magazine, health, management publication. He received the honor for his expertise in counseling high-net-worth individuals on tax, estate, business and asset protection planning. Blum is a founding partner and life member of The Blum Firm PC, which has law offices in Fort Worth and Dallas.

Mark Edmunds, BBA ’79, is vice chairman and regional managing partner of the Western Pacific Region of Deloitte & Touche LLP, where he manages nearly 4,000 employees across 11 offices. Edmunds also serves on the board of the following organizations: the Pacific Coaching Alliance, China Initiative Committee of the Bay Area, Larkin Street Youth Services and the North China Initiative Committee of the Bay Area.

Rennie Stein, BBA ’82, and Mark McMeans, BBA ’86, have joined two other principals to form Brasada Capital Management, a Houston-based private partnership hedge fund. The four principals worked together for many years at AIM Investments. Stein and McMeans were participating sponsors of the AIM Investment Center at the McCombs School.

Steven M. Cowan, BBA ’90, is president and CEO of Fort Worth–based Healthpoint Group, an operating company of DFB Pharmaceuticals Inc.

Gary Dixon, MPA ’81, was named to the board of trustees of the March of Dimes Foundation, a national nonprofit organiza- tion devoted to improving the health of pregnant women and newborns. Dixon, a longtime volunteer for March of Dimes, is a partner in Ernst & Young LLP’s National Tax Department.

John Harvey, BBA ’88, MPA ’88, is CFO of Coinstar Inc., a multinational company offering a range of self-service kiosks at retailers’ storefronts. Harvey was previously CFO for Redbox Automated Retail LLC, a self-service vendor of DVDs.

Financial Accounting at UT

Thank you!

Clint Rain, MPA ’01, and his wife, Cecilia, are proud parents of Victoria Elizabeth Rain, born March 3, 2009.

Don Wagner, BBA ’71, MPA ’72, was named Outstanding Corporate Champion for his significant, ongoing contributions to the relationship between the McCombs School and Dell, from which he recently retired as an audit partner. He was honored at the inaugural Corporate Recognition Dinner on April 16, 2009.

Ira Solomon, BBA ’73, MPA ’74, Ph.D. ’79, received the 2009 Distinguished Achievement in Accounting Education Award from the American Institute of CPAs. The award is given annually to a full-time college accountant educator for distinguished excel- lence in teaching and national prominence in the accounting profession. Solomon heads the Department of Accounting and holds the R.C. Evans Endowed Chair in Business at the University of Illinois, Urbana-Champaign.

What’s New in Your Life?

Your fellow alumni want to hear what’s been happening in your professional and family life. Drop us a line at accounting.times@mccombs.utexas.edu to give us an update. Send us your high-resolution photos, too. We’ll share your news in the next issue of the Accounting Times.
search. “As a foreign student, finding work rubbing shoulders with "er " star George
the job also had its glamorous moments—like
duction from a cost management perspective,
internship with a big 4 firm. She was out-
complex issues into a kind of bite-sized show-
drama background helps me break down
investments in private equity funds, and my

"There were inklings of the benefits of both
“my mpA enables me to delve quickly into
engineering. She left Jpmorgan, returned to
longtime desire to pursue a career in sound
degree as influential in landing her first job
credits the fact that recruiters were intrigued
back, and today she manages portfolios and
voiceovers for cartoons,” she admits. JPMorgan
enthusiastically welcomed Tan back, and today she manages portfolios and advises clients on their investments across asset classes (fixed income, equities, alterna-
tive investments, and currencies). She sums it
up this way: “On a good day, I help make very
wealthy individuals wealthier.”

But she hasn’t completely traded productions for portfolios. She sits on the
advisory board for Zebra Crossing, which promotes artistic and cultural
endeavors worldwide. “This year they are staging “Victor/Victoria” in Singapore—let
me know if any McCombs alumni are coming as a stand-in actress,” she explains. She
credits the fact that recruiters were interested in meeting an international student with a drama
degree as influential in landing her first job at JPMorgan.

After a time, though, she gave in to a
to visa requirements,” she explains. She
that recruiters were interested in
Meeting a student with a drama
degree as influential in landing her first job
at JPMorgan.

Mae Shen Tan, in costume as a stand-in actress.

Current Department of Accounting Advisory Council

Craig Allen
KPMG
Carol Anderson-Guthrie
U.S. Government Accountability Office
Brent Arlaga
Citigroup
Jimmy Avritt
BDO Seidman
Greg Bailes
Rivier and Tidwell
Lyne Beatty
Holtzman, Moellenberg,
Allen Bell
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Mike Blue
Deloitte
Alan Campbell
Freerice
Trey Chambers
RoddWorks
Amy Chronis
Deloitte
Bill Ichihara
Shull Oil (retired)
Will O’Hara
KPMG
KPMG
KPMG
Patricia Ferguson
Deloitte
Everett Gibbs
Prospirit
Bud Gleisner
KPMG
Andy God
Deloitte
Craig Greenway
SMF
Brad Halversen
Caterpillar
Michael Harvis
Rivier and Tidwell
Susan Hodge
Shull Oil
Randy Imhoff
Deloitte (retired)
Katey Olmos
Dean Ritter (retired)
Kyle Parks
General Locke & Ritter
Brent Price
KPMG
Ken Love
Kimball Hill Homes (retired)
Frank Marshak
KPMG (retired)
Darin McNelis
E & S Young
Nilsolof Movel
PricewaterhouseCoopers
Basak Torun, MPA ‘09, was awarded the Austin Chapter of the Institute of Internal
Auditors (IIA) Scholarship. The $1,000 scholarship was awarded annually to a junior or
graduate student interested in pursuing a career in internal auditing or a closely related field. Academic Relations
Chairman of the Austin IIA Chapter, Gus Rodriguez, Office of the City Auditor, pre-
sented the award to Torun on April 28, 2009. Deloitte & Touche provided funding for
the scholarship.

Mary Ann Fair retires after 23 years
with the Department

Mary Ann Fair, who worked in the Department of Accounting from 1986-2009 and
served several Department chairs, retired on August 31, 2009. She says she’ll be
pursuing her love of photography and looking forward to spending much more time
with her family. She wishes everyone, “Happy Trails, Y’all!”

Mary Ann Fair, who worked in the Department of Accounting from 1986-2009 and
served several Department chairs, retired on August 31, 2009. She says she’ll be
pursuing her love of photography and looking forward to spending much more time
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Student Awards and Honors

Nathan Rice, a fellowship
in the amount of $10,000. The competitive award is
specifically for MPA students with an interest
in pursuing a career in the energy
industry.

A Lake Charles, LA native, Nathan was a
full-time intern at McKrory, Quirk & Burgh CPA’s in spring 2009. He graduated from
McNeese State University in Lake
Charles, LA in 2008 and was president of
Beta Alpha Psi, an honor society for Financial Information Students and professionals, from
2006-08. Nathan is studying in dual academic: tracks in the MPA program: Financial Reporting & Assur-
ance/Managerial Accounting & Control. His cross-cultural experiences include
extensive travel throughout Southeast Asia and Israel.

In Memoriam

Elton Bernard Hale, Ph.D. ’48, passed away on October 3, 2009. He taught in the UT Department
of Accounting as an assistant professor in 1948-49, and was an honorary member of Beta Alpha Psi.
He joined Rice University in 1963, where he served on the faculty 16 years before retiring as

We mourn the loss of Robert W. Smith, who passed away on April 5, 2009. He was a Texas MBA
graduate, a member of the Department of Accounting faculty, and eventually the assistant to
the dean of the College of Business. He retired in 1977. Memorial contributions can be made to the
Building Program at Covenant Presbyterian Church, 3001 Northridge Dr., Austin, TX 78757.

A great friend of the department, Margaret "Peggy" Weber, passed away on April 12, 2009 after
battling cancer for more than a year. A 2004 graduate of the McCombs Accounting Ph.D. program,
she was a professor at the University of Illinois at Chicago Business School. Memorial contributions to
the American Cancer Society or Hospice of Northeastern Illinois, 410 E. Hagar Ave. #1,
Barrington, IL 60010, are deeply appreciated.

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served several Department chairs, retired on August 31, 2009. She says she’ll be
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with her family. She wishes everyone, “Happy Trails, Y’all!”