



Business

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UP CLOSE: BRUCE B. COX

Accounting entrepreneur has plenty to smile about

By PÉRALTE C. PAUL
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Who says accountants can't be fun? Thoughts of accountants typically conjure up images of spectacle-wearing, strait-laced numbers crunchers holed up in a cubicle. But Bruce B. Cox brings a sense of humor to his world of spreadsheets and plus/minus columns.

Cox, who in 2002 was a founding partner in Callaway Partners, an Atlanta-based accounting and consulting firm, says the ability to see the lighter side and an optimistic outlook are key assets in business.

Having that sense of optimism, particularly in managing the growth of a midsize company, promotes creativity, the taking of strategic risks and a can-do attitude, he says.

"I'm more entrepreneurial, I think, than pure accountant," Cox says. "Experiences along the way have given me a great backdrop and great reference point, but I think deep down I like to build, I love to grow companies. That's what excites me."

That philosophy has given Cox and Callaway's other founders, Michael N. Johnson and J. Tony Rich, a lot to laugh about: The company went from making \$1.5 million in its first year of operation

FOUNDING PARTNER, CALLAWAY PARTNERS

Each week, an interview with one of metro Atlanta's intriguing business personalities.

- **Personal:** Married with two children.
- **Education:** Auburn University; bachelor's in business administration, with a concentration in accounting.
- **Professional background:** Co-founded Callaway Partners, a professional accounting and financial services firm. Held several finance positions with Alpharetta-based Medaphis Corp. (now Per-Sé Technologies), including manager of mergers and acquisitions, divisional chief financial officer of sales and marketing and executive vice president of marketing and business development. Was a senior financial analyst for strategic planning and acquisitions for Scientific-Atlanta. Started his accounting career at the Atlanta office of Ernst & Whinney (now Ernst & Young).
- **Hobbies:** Golf, water sports, spending weekends with his family at the lake and coaching youth soccer.
- **Last book read:** "Winning" by Jack Welch with Suzy Welch.
- **Most valuable lesson ever learned:** "Maintain a positive attitude and maintain your sense of humor; laugh out loud and laugh often. Positive energy is infectious; it can be one of a person's most valuable assets."
- **Biggest fear:** "The next large sale. You always maintain a level of fear that it won't happen. The focus needs to always be there. As long as we're doing everything possible to build our firm's reputation, deliver for existing clients, and aggressively and professionally tell our story, our success will continue."



JOEY IVANSCO / Staff

► Continued on back

Callaway

PARTNERS

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to an expected \$60 million this year and a roster of 450 employees.

Next year, the company projects it will do some \$90 million in accounting and consulting work. It's also expanding its territory. The company opened an office in Washington D.C. this year and has outposts in Jackson, Miss., and Birmingham. The company plans additional offices in Detroit and is considering establishing a presence in Chicago.

Its main focus is in corporate restatements, bankruptcies, and mergers and acquisitions.

Callaway counts Delta Air Lines and MCI among its roster of current and former clients. But its biggest project to date is its work on the restatement of earnings at Birmingham-based HealthSouth Corp., which was at the center of one of the biggest accounting fraud scandals in the nation's history.

Hired in September 2003 to work on the project, Callaway employees have spent a collective 1 million hours on restating HealthSouth's numbers — and counting. Callaway has so far completed restatement of HealthSouth's corporate books from 1999 to 2003. Earlier this month, Cox's team finished the 2004 financials and is currently working on the 2005 numbers.

Q: What led you and your partners to form your own business?

A: All three of us had accounting and finance backgrounds, and we all were ready to start a more traditional business. This was coming out of the Internet boom-and-bust days. I had been CFO of an Internet start-up business, and it was quite an experience. ... It was like many Internet great big ideas that didn't turn out to be much in the long run.

It was good timing for me to get my feet on the ground with a more traditional and more stable business model. So those two partners of mine ... the three of us decided to start an Atlanta-based accounting/finance staff augmentation company, putting senior accounting people, controllers and CFOs to work for

us. That was our original business plan and strategy, and it's changed quite a bit from those initial years.

Q: In what way?

A: What ended up happening is we did just that for about six months — we executed on the model that we decided to start the business and it was going fine. We had maybe 20 to 30 people that we had on assignments around Atlanta. And then we were fortunate enough to be engaged by HealthSouth to assist with the very beginning part of financial reconstruction of their financials.

We put an initial team of five senior people, and we went out to begin to basically dig in and explore — do basically forensic accounting and begin the process of reconstructing the financials at HealthSouth. That really began the transformation of our business from what we initially thought that we were going to be — just a pure staffing business. ... What we found ourselves doing was blending a staffing, a consulting and an accounting model and blending them together into one in a very unique service offering.

It gave us the ability to leverage up as the client demands continue to change and increase as that project continued to unfold and we kept delivering for the client, and they kept asking us to do more and more and more. We took that initial group of five people to as many as 300.

Q: What exactly is forensic accounting or consulting?

A: To us it just means researching historical treatment of accounting records — interpreting and determining whether they've been accurately reflected and then proposing adjustments to those to make them right. You're taking a look at what happened by tracking invoices, source documents, independently prepared documents — outside corroborating evidence that makes the accounting treatment of a particular accounting transaction accurate.

Q: What has been the hardest part of the HealthSouth project?

A: Probably the very, very tight

deadlines because there are certain commitments that need to be made by the company and have been made by the company that are SEC requirements, so those deadlines became hard and fast. So the biggest challenge has always been to react to those deadlines and to staff accordingly and work together as a team to bring closure to issues. Those are things outside of your control, so you have to manage for those.

Q: With the financial scandals of the last few years, when you go out to pitch new business, do you notice a difference in the types of questions potential clients ask that try to get at the integrity of the firm?

A: Not really. The demand on the national accounting firms is higher than it has ever been. As far as reputations, I think what you're finding is that was a very isolated situation, and the integrity of the profession is still very much intact. I know the larger accounting firms are taking a number of steps to enhance their public perception, but there's a lot of people doing a lot of very, very good work every day.

I know a lot of the Arthur Andersen people have been absorbed into other national accounting firms. You still have very high demand; there's still very strong integrity in the profession. ... The opportunity Callaway has is that there's so much demand and new work being required — the new Sarbanes-Oxley regulations have really increased the amount of accounting work that needs to be done by most companies.

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