Who Were K, P, M & G?

The late nineteenth century into the early part of the twentieth century has been called the “golden age of accountancy,” when the industrial revolution hastened the birth of some of the world’s major accounting firms. Prominent in that era were the pioneers whose legendary enterprises formed the building blocks of what has become KPMG.

Piet Klynveld

An entrepreneurial Piet Klynveld opened his small accountancy practice in 1917 in Amsterdam, Holland, a bustling and investment hub for European and Asian industrialists. Many foreign enterprises entered, including royalty, governments, and even the Bank of England, traded extensively in the United Kingdom. The Peat name traveled widely in Europe, sharing information about the Nazi threat with Winston Churchill and other important political figures. He continued his resistance work during the war and in 1944 became involved in what is known as the “July Plot” to assassinate Hitler.

James Marwick

James Marwick has been described as a “big man with boundless energy and broad shoulders, who stood over six-foot-six,” says Roger White. “My judgment of the young Marwick qualified as a chartered accountant, but set his sights elsewhere. He began his accounting practice in Glasgow and quickly jumped at the chance to travel to Australia to conduct a bank examination for a group of Scottish investors during the Australian banking crisis in the 1890s.

Energetic and ambitious, Marwick sailed from Australia to Canada, fully intending to return to the Land Down Under. But after being so impressed with business opportunities in North America and cultivating banking clients, he went to the United States in 1894 and began looking for a partner.

According to White, Marwick and Roger Mitchell, schoolmates from the University of Glasgow, literally ran into each other on a New York City street in 1897. Mitchell had been sent to the United States to run the family textile business. The two set up a practice together in what has been labeled the perfect “most office back office partnership.”

During opening Marwick, Mitchell & Company in New York, Marwick began traveling to other cities, opening offices all over the United States. Percy Garrett, who ran the London office, once wrote that the tireless Marwick traveled as many as 15,000 miles a year.

Later on, in 1911, Marwick and Mitchell joined with Sir William Barclay Peat Marwick, Mitchell, Peat & Company. Eight years later, they demerged. Marwick retired in 1917, handing the reins to Mitchell, who took over as senior partner and stayed on until 1925. That same year, Mitchell and Peat reunited and changed the firm name to Peat, Marwick & Mitchell.

Sir William Barclay Peat

Scottish-born Sir William Barclay Peat was the second son of James Peat and Margaret Barclay (of the banking family that built Barclays Bank, one of England’s largest). Born of privilege, Peat studied law at the prestigious Montrose Academy in Scotland, but he did not enter the legal profession.

Instead, the eager 17-year-old moved to London in 1870 to seek his fortune. He was hired as a junior accounting clerk for a London firm and quickly rose through the ranks, earning partnership at the age of 24. In 1891, Peat assumed leadership of the firm, renamed it Peat, Peat & Company, and ignited an accounting legacy that has endured until today.

“The Peat family kept the partnership going with a requirement that the senior partner needed to be a Peat for at least three generations,” says Roger White, a retired KPMG partner and unofficial organization historian who wrote the book Peats to KPMG—Graciously Family to Global Firm, which was published in 2004 in the United Kingdom. The Peat name lives on today in the world of accounting.

Sir William Peat’s great grandson, Michael, worked for KPMG for five years and now serves as one of Prince Charles’s most trusted aides. Sir Michael Peat is an Eton-educated accountant who has been hailed for his tough financial stance at Buckingham Palace and as Treasurer to the Queen.

Reinhard Goerdeler

Reinhard Goerdeler was the son of Carl Goerdeler, the mayor of Leipzig, Germany, from 1930 to 1937 and a leader of an underground resistance group that plotted to assassinate Adolf Hitler and organize a new government with Goerdeler as chancellor.

At great personal risk, Carl Goerdeler provided critical information about conditions in Germany during the war through his contacts with Swiss bankers Jacob and Marcus Wallenberg. On July 20, 1944, when a planted suitcase bomb failed to kill Hitler, Carl Goerdeler fled to the countryside while Reinhard, his brother, Anneliese, and the rest of the family were jailed as political prisoners.

In 1953, Reinhard Goerdeler joined Deutsche Treuhand-Gesellschaft (DTG), which was initially founded in 1980 by Deutsche Bank to look after clients’ invest­ments in American railroads. As the German economy recovered, Goerdeler began traveling throughout Europe setting up small offices for DTG and making alliances with firms such as KKC to better serve international clients. By 1970s, Goerdeler began working to form an international firm, believing that a more formal structure was needed to serve European clients.

The deal was inked in July 1979, and Klynveld Main Goerdeler (KMG) was born. Reinhard Goerdeler is also credited with laying much of the foundation for the 1987 merger of KMG and Peat Marwick International—dubbed the first “mega-merger” of its kind.