

On Tax—Karie Roers of Vista Outdoor

Len Teti: Welcome to On Tax—A Cravath Podcast. I'm Len Teti, a partner in the Tax Department of Cravath, Swaine & Moore, a premier U.S. law firm based in New York City.

On each episode of On Tax, I talk to professionals in the Cravath network about their life and work in the world of tax. We focus on the human side of tax law, highlighting the people, connections and stories that make the space such a fascinating and dynamic area of practice. I hope you enjoy this episode.

Today, our guest is Karie Roers. Karie is the Tax Director at Vista Outdoor in Anoka, Minnesota. Karie, welcome to the podcast. Thanks for joining us.

Karie Roers: Thank you, Len. I'm excited to be here.

Len: Thrilled to have you here. So, Karie, one of the things that I was reading about you as I was preparing for this podcast is that you found your way to Vista through your expertise in the federal excise tax on ammunition. So, I imagine that we will work up to that.

Karie: Yes.

Len: But let's go back even further. How do we start to chart your path into the tax world? Where do we go?

Karie: So, when I went to college, I went in going into an accounting degree, but I had full intent to go to law school. I really didn't like accounting. My sophomore year, I was going to quit accounting and switch to finance because cost accounting had just done me in. I hated it. There was nothing about it that I liked.

And actually, my tax class, my tax professor—I loved that class. But everyone kept telling me, "Oh, this is what law school is going to be like." It's like, "Oh, OK. This is what I'm going to do." So, that's how I kind of like, "I like tax, but I'm going to go to law school."

So, growing up in South Dakota, I just assumed I would stay in the state. I really had no intention to leave. And again, I was not intending to be a CPA or an accountant. But all of the Big Five accounting firms at that time would come to the school and recruit because they were all from Minnesota and Nebraska. And South Dakota had harder CPA rules.

So, they were able to kind of pick some of the students off to come to their state. So, I was just practice interviewing because I thought that would be good for law school. And lo and behold, I got a job offer from Arthur Andersen in Minneapolis and I thought, "Oh, that's kind of a lot of money," at the time. Looking back on it, not so much.

So, I thought, "You know, I'm going to take this job offer, I'm going to get a year of experience, and then I'll go to law school and maybe I can go to a bigger law school in Minnesota." So, moved to Minnesota working for Arthur Andersen. Obviously, a year within that, Arthur Andersen didn't do so well. They imploded.

Len: That's how the Big Five became the Big Four.

Karie: That's how the Big Five became the Four. I like to say that I rode that ship down. I stuck it out with Arthur Andersen for the full year and two months that I was there. And I knew I was in a pretty hard position because everybody was flooding the job market and flooding the law schools at that time.

So, I had abandoned my thought of going to law school. And I think part of that was: Everyone that I had worked with had told me, "You got the job. This is what you're going to do after law school anyway. Why go back for more school?"

And so, everyone in my start group was studying for the CPA exam. I wasn't, because that wasn't my path. But I got the FOMO, and I don't know how you get FOMO for studying for a CPA exam, because it was horrible.

But I started studying, and I took the CPA exam, and I just stuck it out in public accounting. And I bounced around from several firms. Obviously, Arthur Andersen I had to leave. And everyone within the Arthur Andersen firm in Minneapolis—most people went to Deloitte & Touche.

So, I basically started over at Deloitte as a new staff again because that's what we all were. And it was difficult.

But once I got to Deloitte, they made me declare basically a major, and I picked tax, and they put me in their SALT group. And I had been there ever since. In the rest of my time within public accounting, I was always in a specialty group.

Len: I want to unpack a couple of things—a couple questions I have based on what you've said already. So, you said you grew up in South Dakota, right?

Karie: I did. I grew up in a rural town—2,500 people. The town that I graduated high school is called Redfield, South Dakota. And our school mascot is a pheasant.

Len: OK. This is why you have a pheasant behind you?

Karie: Well, that's not why, but yes.

Len: OK. And where is Redfield, South Dakota?

Karie: You know, I'm going to just put it in context of where it is from Minneapolis: It is five-and-a-half hours west of Minneapolis.

Len: OK, got it. Did you have any accountants or lawyers in your family? I mean, I'm curious about this ambition that you knew you wanted to go to law school. Where does that come from?

Karie: So, I grew up in a farm family. My, well, my dad was a banker, then a salesman, and a farmer. My grandparents on both my mom's and dad's side were farmers. No lawyers anywhere. But everyone on my dad's side is really good with numbers.

So, when I was really young, like in grade school, my ambition when people would say, "What do you want to be when you grow up?"—I wanted to be a secretary.

Len: OK.

Karie: I thought it was the coolest thing to be able to be organized and file stuff and answer the phone and just, that was—I'm like, "You get to talk to everybody. The first person anybody gets to talk to is the secretary." So, I always thought that would be a fun job.

And then I kind of pursued different business aspects. I mean, I took all the business classes that my high school offered, which was three or four. We had a state organization called Future Business Leaders of America.

Len: FBLA—my high school had it, too. Yes.

Karie: Yes. I was in FBLA. My senior year, I was the state-elected treasurer. My platform when I was running for that office was: "Vote for Karie. It just makes cents." Like, "cents."

Len: C-E-N-T-S. I get it, I get it.

Karie: Yeah.

Len: I mean it's funny that you talk about the appeal of a secretary when you were young was you got to answer the phones, file stuff, talk to people. That's, like, not that much different than a lot of tax people do. You got to talk to people on the phone. You got to file a bunch of returns. So, you're doing the tasks, right?

Karie: Yeah, that's exactly right. I feel like I've achieved my childhood goal.

Len: What was your father farming?

Karie: My father farms all small grains. But my mom is just as active on the farm as my dad is.

Len: Are they still farming?

Karie: They are still farming. If they ever listen to this podcast: They should retire.

Len: We'll make sure they get a copy of this.

Karie: We've talked a lot about, with my parents, like, "Hey, you know, you should retire." And my dad had an accident a couple years ago that put him in the hospital for almost a year, which was actually really hard because my husband and I took over the farm while they were out, thinking that would push them into retirement. And my dad's take on it is, "What would I do? You work and then you die. What are you going to do in retirement?"

So, that's kind of the mentality that I grew up with is: You work. You put in the time and you work. And if you don't enjoy what you're doing then you're not doing it right. My dad enjoys farming so much. So, it's not work to him.

Len: I want to talk about this as it relates to your college education and then showing up at Arthur Andersen in Minneapolis. Because, if you grew up five-and-a-half hours from Minneapolis on a working farm and yet you had an ambition to do business, to be in the business world, and you were in FBLA, and these sorts of things, and you pursue that ambition through college, and—it's an unusual story that you had no interest in accounting and yet you became a professional in the accounting field when you started out.

But I want to know: What's that like when you put on your first professional outfit and you walk out the door of some apartment in Minneapolis and you walk into some big office building downtown into one of the Big Five accounting firms? Do you remember that first day as a professional?

Karie: You know what, I do, and you're triggering all of these memories for me. So, I remember my first day. I remember what I wore. I remember walking to the bus because I had an apartment in a suburb.

And I remember figuring out the bus system, getting into the office and feeling so overwhelmed, feeling like I'm not as good as these people. They all come from these backgrounds where they're used to being in these big buildings and the hustle and bustle. And, I mean, the amount of people that were in the building that I worked in are the amount of people in my hometown.

Len: That's a good way to look at it, actually.

Karie: So, it was overwhelming. But yet then I was like, "I got this job same way everybody else did." But I was nervous—what do they call it? The imposter.

Len: Imposter syndrome.

Karie: Yes. I felt like I shouldn't be there—there's something going on. And so, maybe a little bit of it became of I had to prove myself—because also, like I said, everyone in my start group is studying for the CPA exam, but I wasn't. But then maybe to prove that I was as good as them—well, I should take it too. It was a weird feeling being downtown just knowing I was so far out of my element and I couldn't just run home. I couldn't go home and into my comfort zone of mom and dad.

Len: So, one of the things that strikes me about that reaction is: You're overwhelmed, but you haven't even gotten an assignment yet. This is just having gotten to work on day one, right? It's nine o'clock in the morning.

So, then you start getting assignments, and was it the assignments that allowed you to start proving to yourself that you belonged? Was it the mentors you were working for? And I realize the first year was rocky because, as you said, you rode Arthur Andersen down. But as you start to mature as a young professional, what do you think accounts for increased confidence and growth? Where did that come from for you?

Karie:

It was all relationships and people. I had the best mentors. And I know I pointed out that I jumped around from firm to firm, but really what I was doing was following my mentors, and I was following a person—which maybe isn't the best for myself, but, like, I would see what these people were doing and how they were doing it and it was kind of a, "I want to be like them."

And I may not have vocalized that this person or that person was my mentor, but I always kind of picked out the people. I'm like, "I kind of want to be like that. What that person is doing, I like that." Or, "That person seems to have a lot of respect—that's what I want."

So, my first tax project was a partnership, and they had 20,000 K-1s they needed to file. And I had to call all the states to find out how to file all of these K-1s—if we could file them on a floppy disc, if we could do them on a CD.

Anyway, one of the seniors was like, "Here's how we're going to go about this." I didn't even know what a K-1 was at that point, but the way that he walked me through—"This is how we're going to do it, and this is what you're going to talk to the states about, and how you're going to ask the question"—he didn't talk down to me. He didn't treat me like I didn't know what I was doing. He treated me as a peer that was going to help him. And that was huge, of, "Hey, I'm on a team here."

Len:

It's something that I think about a lot as a supervisor, as a manager, as a developer of young junior talent—we hire highly capable people. Arthur Andersen hired highly capable people. You don't end up in one of these professional service firms serving the kinds of clients we service, right, unless you've got the skills.

So, when folks show up and they are learning or they are doing something they've never done before, the reason why they might struggle has nothing to do with their intellect or natural ability or capability. It just has to do with inexperience.

And one of the things I have learned is that everybody develops experience a little bit differently. And that's because everybody's got different personalities or different ways of responding. And that, for me, has been the biggest eye-opener because I think 10 years ago, when I was a young partner, or 12 years ago, when I was a senior associate supervising people, I had a real temptation of saying, "Well, what I would do is X," or, "If it were me, I would do X."

And I think that's wrong. I think what I should have been doing, and what I'm trying to do more of now is, like, "Well what do you think we should do?" Or, "What would you like to do?" Or, "What do you think the best options are for you?"

And if I ever say, "If it were me, I would do X," I also add, "But it's not me, you know—you may think that X is not the right thing to do. So, from your perspective, what do you think is the best way to handle this?"

And, over time—and this happened to me as an associate, too—but, over time what you develop is comfort not knowing what's going on or comfort with uncomfortable things or comfort in knowing that you don't know the answer right now, but that you will figure it out. And becoming a "figure-outer" is a really important part of becoming a valuable professional.

Karie:

I think that's spot on. Even the stuff that I do today—not on a daily basis, maybe—but, it's constantly where I look at something and I get overwhelmed with, "Oh no, I don't know what this is. I don't know how to do this. How am I going to do this?"

And you just sit down and you take it little by little. You ask questions. I've learned that asking a question—fine, look stupid. But you're going to look stupider if you don't ask the question and you get it wrong. And just kind of that overwhelming feeling of "I don't know what I'm doing." It's almost paralyzing at times, but then you just kind of slowly work through it and you're like, "OK, now we've got the answer. Or now we're to a place where we can get to something where I know what I'm doing."

Len:

This point about asking questions I think is excellent, not just because everybody says you should ask questions if you don't understand it. But more to the point—and I learned this from a super, super smart Cravath partner—if you don't understand something, chances are it doesn't make sense, right? Because you're really smart.

And even if it's on a big conference call with 40 people, if somebody has said something that's confusing or that doesn't make sense, it's probably not that you are the only person and all 39 other people actually are tracking perfectly.

And once you understand that, you know, without being egotistical about it, like, "I'm really smart, so if this doesn't make sense, this probably doesn't make sense"—that really helped me understand that I could stop a call, because I saw senior Cravath tax partners do it. "Hold on one second, we need to go back and make sure we understand this because I just kind of got confused."

That's really what taught me that asking questions could be liberating. And frankly, you gain the respect of a lot of other people on the call because a lot of other people on the call didn't understand it either.

So, let's just chart where we are in your career here. So, you've done Arthur Andersen, and then you're following mentors to a bunch of other Big Four places. And so, it seems to me that over the course of—you tell me—10 or 15 years, you're sort of developing a career and an expertise as a third-party outside advisor for these firms from a tax perspective.

And maybe this is where we start talking about the excise and ammunition tax, but tell me: What in your career happened to start to change your perspective about how you might work? And, going in-house to Vista, how did that all develop and what was going through your mind as that happened?

Karie:

So, it's similar to how I decided not to go to law school: It just kind of happened. So, the way that I got into ammunition excise tax was through a law change for the medical device excise tax.

And in Minnesota, we have—it's kind of a hotbed for medical device companies. So, it was a huge area and I, at the time, had a lot of experience doing restructuring work. Being in a state and local group, we just did a lot of that.

So, they put me on the medical device excise tax because there was some structuring plays that could be done to help companies kind of mitigate the tax. So, I learned all I could about this medical device tax. But the excise tax in general kind of leveraged me into other excise taxes.

There was another client in the Twin Cities that had firearms and ammunition that we could leverage the same structuring ideas to.

And so, started working with that company at the time. And they became my largest company because not only did I work on their excise tax, I helped them with income tax work. And then they went through a corporate spin, so, I helped them with working on those teams. And they did a spinoff and I continued to work with them through all capacities of tax, not just excise tax.

And one day the tax director and I were working through some issues, and he's like, "Ah, this would be so much easier if you were just on our team." And I was like, "Ha-ha, that's really ... oh, what if I was?"

Len:

Right. "Wait, say that again. Hold on."

Karie:

It absolutely never crossed my mind. I was in public accounting for 15 years at that point. I was never going to leave public accounting. I was going to become a partner. This was my career path. This is who I was. And when he said it, I was kind of taken aback.

And then I started thinking about it. I'm like, "This might actually be a good idea. But he's in Salt Lake City. I'm not moving." And he said, "If you did come on with us, we have a location in Minnesota—you could stay there." Because I had two small boys at the time. But I wasn't going to move away from family and friends, because I can't take care of them by myself. They're a handful.

So, I started talking to different mentors within Ernst & Young at the time, which is where I was. And one of the partners—I had never worked with the guy—was an audit partner. And I was randomly talking with him, and he is like, “Before I would ever give you any work, I want to know about you.” And he started asking me all about me over a coffee at Caribou Coffee one day.

And I just spilled everything. Like, I told him everything about myself. I was very comfortable talking with him and he really became a mentor. Every week we would have coffee and I would talk with him. And my biggest fear being in public accounting and leaving was people would view that I failed.

Here I am 15 years in public accounting—my next move is up for partner. If I leave, people are going to think I was either pushed out or I failed. And this partner I had talked with is like, “What do you mean you failed?” And I thought, “Well all the best of the best are in public accounting, right? If you’re any good, you’re in public accounting.” And he’s like, “Is that what you really think? Because that’s not right.” And I’m not saying there are not good people there, but he’s like, “If you look around in public accounting from when people start, the lower 25, 30%, they kind of get weeded out and then the top 25, 30%, they leave because they go on to different things—better things maybe.”

And I don’t know if that’s true, I really don’t. So, I’m not trying to put a knock on people in public accounting. But it resonated with me and I was like, “OK. I’m going to try.” Because he said, “You can always come back. Everybody can come back to public accounting. We welcome everyone.”

So, that’s what I did. I went back to the tax director at Vista Outdoor, which is where I am now, and I said, “Let’s do this.” And I have been so happy. I have never looked back. I have never regretted that decision. I do think it was one of the best decisions I made.

The instant relief that I felt working for a company versus clients was huge. And I was able to understand so much more of the business. I thought as a consultant, I knew everything about the company. I knew the top little layer. Working in the company, you get to know so much more and see the impacts of the decisions you’re making.

Len: What you’re saying is interesting to me because I’ve been working with this company for a long time.

And yet you’re saying that you really couldn’t know until you were working on the inside about the way the business operates and the key issues that drive things. And it’s a really good reminder for me as an outside advisor because we take a lot of pride at Cravath—and a lot of the people who’ve been on this podcast take pride, too—in, as a tax advisor, trying to learn the business as best you can.

But on the other hand, there is no substitute for working at the business and working in the business and being colleagues with people in the business on a daily basis.

And so, it’s a good point of humility for me to keep in mind that just because I think I understand the business or I can read public filings, that I don’t have anything else to learn about the way a business works—yours or others. So, thank you for that reminder.

Karie, in the few minutes we have left, we like to talk to our guests about what they do in their spare time. You mentioned your family, so I assume that that’s going to have something to do with it. But tell me: When you’re not working in the tax world, what are you doing with your time?

Karie: OK, so, first and foremost, yes—I do everything with my family. I mentioned I had two young boys: now I have three. They’re extremely active in hockey and lacrosse and my husband coaches all of them, which makes me the Uber driver to all of the events. I taught Sunday school for a while. I was the basketball coach. And that’s all great. That’s what I do with my family.

The other stuff—I love hunting, which is very convenient for me that I work for an ammunition company. We have a hunting dog and I really enjoy being in the outdoors.

Len: One of the things I remember is you told me in the last year or so that you had taken a road trip. Can you tell me about the trip?

Karie: Yeah. So, Federal Ammunition, we're one of many sponsors for a Wyoming antelope hunt. It's through the Wyoming Women's Foundation and the location is 12 hours from Minnesota. It's an easy flight into Billings, Montana, and then you quick drive down into Wyoming. But I thought, "You know what? I'm going to drive."

Len: Why fly when you can drive?

Karie: And so, one other lady and I drove out. The rest of the team flew out. And, I mean, we got about eight hours in, and we were like, "Oh man, we should probably stop for gas at some point."

It was a great experience just driving out there, driving back. I was able to harvest an antelope while I was out there, as were several other of the women on our team. I get such a rush from it.

So, this is a hunt that I don't do with my husband. Most hunts I do with my husband. This is completely on me, and it feels very liberating that I can do this by myself. Now, again, going back to the world of the first time I did it, I had this overwhelming feeling of, "Oh no, I don't know if I can do it by myself. I don't know if I know what I'm doing. Did I pack all the right stuff? What if I get tired? What if my gun jams?" Nope. I did it all myself and I want to do it every year.

Len: This actually makes me think that a great podcast idea would be to put a podcast microphone in the vehicle when you're doing trips like this, and we can snip up the eight hours or 12 hours into various episode-sized pieces. Something to think about.

Well, Karie Roers is the Tax Director at Vista Outdoor in Anoka, Minnesota. Karie, it has been a pleasure to talk to you about your career. Thank you for joining us on the podcast.

Karie: Thank you, Len.

Len: That's all for this episode of On Tax—A Cravath Podcast. You can find us online at cravath.com/podcast. And don't forget to subscribe on Apple Podcasts or Spotify.

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