

Achieving Potential

**An Interview with Herman Hulst,
Global Managing Partner,
Client Service and Accounts, Ernst & Young**

EDITORS' NOTE *In addition to working in his current role, Herman Hulst works closely with the Ernst & Young People and Quality and Risk Management teams in developing a leading learning, mobility, and quality culture and programs to support client teams. A longtime member of Ernst & Young's Global Financial Services Executive Committee, Hulst has worked with a number of leading global financial services companies. He has also been a member of the Ernst & Young Global Executive*



Herman Hulst

leader for many years, initially in his capacity as leader of its Netherlands practice and more recently as leader of the Central Europe Area. Hulst is a board member of Aflatoon, Child Social & Financial Education. He is also a member of the Accountancy Committee at Free Amsterdam University and the Corporate Social Responsibility Committee at Erasmus University Rotterdam. He completed the Advanced Management Program at Harvard Business School.

COMPANY BRIEF *Ernst & Young (www.ey.com), a global leader in professional services, is committed to enhancing the public's trust in professional services firms and in the quality of financial reporting through the pursuit of the highest levels of integrity, quality, and professionalism. Its 130,000 people in 140 countries provide a range of sophisticated services centered on core competencies of auditing, accounting, tax, and transactions.*

Ernst & Young talks about how it helps people achieve their potential and makes a difference. What does that mean?

Our people are knowledge-rich and modern professionals who want to achieve their potential. They have aspirations that go beyond just performing a job. We have to offer them ways of making a difference personally and professionally. At Ernst & Young, we are always part of a community, and that means a great deal to us. So this idea of giving back and driving change for improvement is critical to all of our stakeholders, internally and externally. Ultimately, what we want to do is approach our work with the idea that every day is a new day, and every day we have the opportunity to become better to our people, to our clients, and to what we are in society.

How do you make achieving potential and making a difference credible with your people?

A lot goes into it. We have to build great diversity and inclusivity programs. We have to have strong mentoring and reverse mentoring. We have to have flexibility and mobility programs to permit people to pursue their passions and build their families. We do this on so many levels that it's hard to summarize everything. Ultimately, it's about making sure that people can maximize their abilities.

We want Ernst & Young to be part of not only the professional satisfaction of our people but also their personal growth.

How does this show up to your clients? Don't they think of Ernst & Young as a firm with special expertise in things like tax, accounting, risk, and transactions?

We have a lot of clients who recognize that what we do fundamentally involves human talent and creativity – and they are excited that when they're dealing with Ernst & Young, they are dealing with people who are energized and enthusiastic. They see that they get better service. Achieving potential isn't just about us – it's about our clients and our many stakeholders achieving their potential. Our clients see that there is something about Ernst & Young that involves great teamwork, a great respect for difference, and a great respect for the people who are looking at challenges and solving them. They connect to that idea.

Does making a difference carry with it the idea of sustainability and corporate responsibility?

Absolutely, and an increased commitment to those ideas is something we're seeing across the business world. For many of our clients, their minds have changed, and now corporate responsibility is seen as a business imperative. It's not enough to think of profit and loss only. Look at commodity issues, look at water management, and look at food security: These are highly relevant issues, and the strategic officers of corporations are focused on them. Philips Electronics is rebuilding its product line around the idea of sustainability and smart products. BMW, which is the firm once known for having cars with more power, is now advertising itself as more environmentally conscious.

This is a social challenge, but it's also a

business challenge. You're talking about how we are going to meet the demographic demands of our time – how to feed people, how to make products, how to power our homes and cars, and how to organize processes in a completely different way. So this is drawing some of the best minds in the business world, and for all the right reasons.

How do you drive the idea of sustainability internally?

Honestly, a lot of the best ideas are driven up rather than driven down. Whether it's cutting print runs on documents or redesigning our offices along environmentally friendly standards, as leaders of the organization often we must ensure that the best ideas get spread around.

Is there a positive payoff with people?

Taking steps to make our organization more sustainable, and anything else that makes a positive difference, sends an important message to our people and our recruits. We know that young workers within our firm expect a level of commitment to these issues. And that commitment has to be credible, meaningful, and complete. When they see that kind of effort, it tells them this is a place where they can be part of solutions to problems they care very much about. It is a wonderful way to inspire them.

Is there a business driver, very specific to Ernst & Young's capabilities, that relates to environmental issues?

Yes, because the business landscape is being transformed by these issues, and people are looking for more than just technological solutions. They are looking for ways to measure environmental risk. They want to revise their supply chain with an eye to these issues. They are looking for ways to measure sustainability. They are looking for ways to explain to their investors their responsibility efforts. There is a need for standards, in the same way we have standards for financial reporting. It's about assurance and providing confidence that a statement is worth something. The value in being a good corporate citizen is now so big that it needs standardization, and it needs benchmarks, and it needs an audit. At this moment, we aren't there yet with these kinds of services – nobody is. But there is a lot of work being done.

Environmental awareness has changed corporate planning, organizations, corporate accountability, and accounting. There is a new range of needs for our clients. We are excited about a new need in the market, but of course

we have to be able to explain to ourselves why we want to provide these services and how it relates to our expertise. I think it does, but we have to be absolutely sure.

You've spoken about environmental issues. What about Ernst & Young's other major corporate responsibility efforts?

Corporate responsibility includes the full range of doing the right things in the market, in the workplace, and in the community. But we need to focus on where we can have the biggest impact. We are a knowledge organization, so knowledge is one of our biggest assets. So we are focusing on knowledge and education. We want our people to be able to deploy their knowledge in their communities. They can be teachers or tutors, or they can be advisors to local small businesses and local social entrepreneurs. This is a very popular idea here because people are proud to share what they learn personally and professionally on behalf of the community.

Where's the payoff?

We get better people. Because when our people grow outside of the office, and they get a chance to make a difference, they achieve more of their own potential, and they become even more creative and thoughtful about every aspect of their work.

What impact has your relationships in the developing world had from a corporate responsibility perspective?

The impact is huge, and those relationships are enormously helpful in terms of building credibility in the marketplace, in terms of building trust, and in terms of maintaining strong relationships with regulators and government policy makers. These markets are leapfrogging to the best standards right now, in governance, in reporting, and in so many other areas. So we can share with them the state-of-the-art thinking on these issues. We do this with something called our

Ernst & Young Fellows – people who take several months and move to a developing market to deploy their professional skills on behalf of some very deserving local entrepreneurs who will use the professional assistance to grow and improve their enterprises. It's a wonderful program, and it's also very competitive. We have only a handful of employees in it at any given time.

What other issues animate your corporate responsibility efforts?

We have a long record of working with entrepreneurs, and it's a central part of our identity wherever we operate. We see it as a three-dimensional issue. It's not just about starting new businesses. It's about change. We start with the idea that there's one thing that characterizes our economy, and that's change – the increasing speed of change and the increasing churn of ideas. It's incredible what market value has been created in some firms in a very short time – in not even 10 years, you have multibillion dollar market caps. So there is change, there is churn, and we need to do a lot of replenishment in our portfolio to keep the portfolio healthy and inspiring for our people.

So creating the Entrepreneur of the Year



Mentoring Makes It Happen – EY partner Debra von Storch and her "little sister"

The Dallas Independent School District has an overall drop out rate of 46 percent, with rates as high as 58 percent among Hispanic students. In response to this pressing issue, EY's Dallas office has built a relationship with one of the lower performing schools in the District, Kimball High School.

"Statistics show that if a student has even one positive role model in his or her life, that student's chance of graduating is significantly higher," says EY's Dallas Office Managing Partner Clint McDonough. "There is no magic formula for increasing graduation rates. It takes what we're doing at Kimball – helping students achieve their potential, one student at a time."

Through partnerships with United Way's Destination: Graduation program, Big Brothers Big Sisters of America, and others, EY employees have enthusiastically rallied around the students. Each week, 30 EY Big Brothers and Big Sisters spend at least an hour mentoring their "Littles" in this school-based program. Office visits and workshops are planned throughout the school year and many volunteers spend additional time with the students outside of school.

EY volunteers are matched with a freshman, and plan on a four-year commitment. As sophomores, volunteers will help them start preparation for college entrance examinations and applying for scholarships. The Dallas office recently underwrote a scholarship guide for ethnic minorities with DFW International.

This is part of a more comprehensive cradle to career framework called "Mentors Make It Happen" where volunteers and funding from EY's Dallas office are helping students of all ages achieve their potential everyday.

program, and devoting ourselves to entrepreneurship in general, makes a lot of sense for us. And that platform is a very successful one. It's ours, and it's recognizable. But we have broadened our view of what it means to be part of change, and that has to include social entrepreneurship.

These people are certainly entrepreneurs. They have all the characteristics and attributes of entrepreneurs. They can get energy out of disappointment and build things despite setbacks. They are looking to create value in society, and it just happens that it often takes a nonprofit form. So we wanted to celebrate that, and we are starting to bring together the social entrepreneurs with the commercial entrepreneurs. There was a big, almost emotional, appeal to the firm for this. It's inspiring, and it underscores the importance of people willing to have a vision and go through all the barriers to achieve things, and make society better.

Do you get personally involved in any programs?

Yes, I sit on the board of a wonderful organization, based in Amsterdam, that focuses on building social and financial literacy among

children. We want to get children to value financial independence. We want them to think of themselves as potential entrepreneurs, which requires social and financial awareness combined with creativity.

If you're going to focus on a few community responsibility-related activities, does that mean that you really can't do other things?

It depends on how you look at it. Like any organization, we need to focus to ensure that we can make an impact. I see corporate responsibility as an entire wheel, not just the environment, not just communities, and not just workplace issues. But we can't do everything. We have zoned in on three big areas – environment, education, and entrepreneurship. Yes, we may have to focus our efforts and resources more on those in order to make our impact felt. But does that close out other possibilities? It depends. Right now, we are active in many areas, and what we're doing now is looking at all these activities and making sure they are consistent with our focused goals. We will have to work through that and identify those areas where we can make the biggest difference. ●