

Building a Better Working World

An Interview with
Stephen Howe Jr., EY Americas Managing Partner

EDITORS' NOTE Steve Howe is a member of the Global Executive of EY. He is the Managing Partner of the EY Americas area, which includes more than 52,000 professionals based in 30 countries. Howe also is the Managing Partner of Ernst & Young LLP, an EY member firm in the U.S. He represents EY in the U.S. and the Americas in maintaining relationships with regulators. He also chairs the organization's inclusiveness efforts in the Americas. Howe graduated from Colgate University with a B.A. in Mathematical Economics and from the Stern School at New York University with an M.B.A. in Accounting and Finance. He is a member of the Trustees Boards for Carnegie Hall, Colgate University, and the Financial Accounting Foundation, and serves on the board of the Partnership for New York City and the board of governors of the Center for Audit Quality.

COMPANY BRIEF EY (www.ey.com) is a global leader in assurance, tax, transaction, and advisory services. Worldwide, its 170,000 people are united by their shared values and an unwavering commitment to quality. EY refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity.

Is the U.S. on the road to economic recovery today?

I feel good about how things are progressing. We continue to be bullish on emerging markets for long-term growth but we also feel particularly good about what is happening in the U.S. Global companies are investing here because of confidence in our capital markets, our entrepreneurial culture, and the continuing sound operations across the breadth of industry sectors. We are seeing innovation play out across multiple sectors, including technology, media, energy, health-care, life sciences, retail, and manufacturing.

I personally believe that our system of corporate governance contributes to investor confidence, with companies, boards, and regulators all working with appropriate tensions and yet shared interests in creating greater trust in the capital market systems. In economies where capital, talent, and ideas flow efficiently, you are going to see more responsible and sustainable growth. So I like to think that one of the most attractive emerging markets in the world is the U.S., and we can feel especially good about the vitality of New York and its increasingly diversified economy.



Stephen Howe & EY employees celebrating the launch of EY's new brand in Times Square.

With EY's global footprint, how close is your coordination across markets?

It has to be seamless. Our client base covers companies across virtually every industry sector and segment – from today's global leaders to the next wave of strategic growth companies. Virtually all of our clients need to access global markets to satisfy their growth agendas. Success requires that they be present in markets and deliver a globally consistent standard of high quality, yet adapt to the nuances of each particular market and customer group. The same goes for us.

Quality is at the forefront of our brand promise. We have to deliver to our clients the highest standards of quality everywhere. This means creating a working environment in which our people thrive as high-performing individuals and teams who are driven to anticipate their clients' needs and deliver exceptional client service at all times.

It also means working collaboratively with those who play a fiduciary role in achieving a well-functioning and transparent capital markets system for the investing public, businesses, and communities. For that, EY understands our role and its importance to our stakeholders.

We work hard each day to deliver on our responsibilities to regulators, boards, clients, and participants in the capital markets. We bring independence and objectivity, and we see our work as an important component in stimulating trust and confidence in the capital markets.

Our strategy and ambition as an organization are all premised on living up to these commitments.

EY has a strong commitment to entrepreneurship. Tell us about the breadth of EY's Entrepreneur Of The Year program.

We have a great window onto the entrepreneurial world. For more than 27 years, EY has

EY's Entrepreneur Of The Year 652 finalists in 2013:

- ▶ Median sales growth of ~ 30 percent per year for the past two years
- ▶ Median headcount growth of ~ 25 percent per year for the past two years
- ▶ Median headcount of 145 employees in the most recent fiscal year
- ▶ Median age of the business is 12 years



As a result, the EOY Finalists for 2013 are high-impact entrepreneurs:

- ▶ The U.S. Small Business Administration (SBA) defines high-impact companies as firms with sales that at least double over a four-year period and whose employment growth quantifier (product of its absolute and percentage employment change) was at least two.
- ▶ Median sales and employment figures for the finalists are consistent with that definition. In fact, revenue growth and headcount data for the EOY cohorts for 2013 and 2012 are well above the U.S. SBA hurdles for "high-impact" entrepreneurs.
- ▶ Also, finalists in the EOY program are more than just start-ups: the median age of the business is 12 years. This is consistent with SBA research that older firms are high-impact – more so than start-ups.
- ▶ This is important because high-impact companies represent a very small proportion of overall firms (U.S. SBA estimates suggest these are just 5 to 7 percent of overall employer firms) and are the main driver of new jobs in the United States.

honored the world's greatest entrepreneurs through EY's Entrepreneur Of The Year™ (EOY) program. Over that period, we have honored more than 14,000 entrepreneurs. As a result, the EY brand is synonymous with entrepreneurship and innovation.

The EOY program was founded in the U.S. and today we are in more than 50 countries and 150 cities around the world. We honor the leaders who have innovated, grown businesses, created jobs, and changed society and local communities for the better.

Through each annual cycle of the program, we receive nominations of entrepreneurs from local business communities and countries. Independent panels of judges rigorously evaluate the nominations, considering each entrepreneur's journey, accomplishments, and contributions. Annually, EY hosts the EOY awards in cities and countries around the world to celebrate those the judges select. In the spring of each year, we celebrate World EOY, which brings together the country winners from across the globe and culminates in the announcement of that year's World Entrepreneur Of The Year.

In 2013, the panel of world judges honored one of New York's very own, Hamdi Ulukaya – Founder, President, and CEO of Chobani, Inc. – as EY's World Entrepreneur Of The Year. Hamdi and his team have made Chobani the U.S. Greek yogurt market leader and are expanding to international markets.

What can governments do to support entrepreneurship? Is the U.S. spurring entrepreneurship at the level it needs to, despite increasing regulation?

Entrepreneurs provide one of the main engines of growth in any healthy economy and there is growing recognition of entrepreneurs' importance across the G20. We just issued the EY G20 Entrepreneurship Barometer 2013, a global study designed to help leading countries benchmark their progress and performance on the state of entrepreneurship in their nations.

The study indicated that the leading countries fostering entrepreneurship include Australia, Canada, South Korea, the United Kingdom, and the United States. The study provides specific recommendations on what must be done to help entrepreneurs thrive across the G20.

Specifically, for the U.S. market, high-growth entrepreneurs tell us that they need reduced government volatility and more effective predictable legislation and regulation; facilitated access to financing for growth companies and start-ups alike; and eased work requirements for foreign students naturally inclined to stay here and innovate. If we do this, we will make it possible for American entrepreneurs to do more of what they do best: create jobs, generate economic activity in our communities, keep America competitive, and drive innovation.

How critical is it that your workforce mirrors your diverse client base?

It's a given that to be a global leader, you need a workforce that is truly diverse – this is the main channel to markets, customers, innovative ideas, and to accessing talent. But you have to go beyond diversity. Winning means creating a truly inclusive environment where people leverage each other's differences, talents, and perspectives to create the highest-performing teams. This is a foundational premise of EY's Vision 2020 strategy: to become the professional services leader.

When you create this environment, people are more engaged. They have a stronger connection to our direction, what it means for them personally and for our success together. And at work they feel free to be themselves while expressing their views and ideas. In short, they are inspired to deliver exceptional client service.

We rigorously push inclusiveness in every aspect of our business. We have a truly talented partner, Karyn Twaronite, who serves as our EY Americas Inclusiveness Officer. We have developed inclusiveness councils of partners and professionals. Our leadership, including all of our partners, are goaled and evaluated on their personal effectiveness in creating this high-performance teaming environment. We engage outside experts to challenge our processes and bring in fresh thinking. We rigorously measure effectiveness in surveying our people and benchmarking against the very best in the industry.

Why do we do this? It is not only the right thing to do but it is also great for business. When we create a high-performance environment, both our people and our clients benefit.

And this drives the fulfillment of EY's purpose: building a better working world.

For many years, Ernst & Young LLP has been listed as one of the top places to work, as acknowledged by *Fortune*, *Working Mother*, *DiversityInc.*, *Universum*, and a host of other external organizations. They all acknowledge EY's culture and focus on both diversity and inclusiveness. We have some very exciting news that we will break this fall as we celebrate our continued success. But let's not be mistaken: to continue our success, this must be a priority of ours, requiring hard work and complete enterprise focus every day.

Part of EY's culture is a focus on giving back. How do you encourage this interest for New York City?

It has been a thrill to see our young people take a leadership role in making a difference for our New York City community. For me, this has been the bridge between the concepts of entrepreneurship, inclusiveness, and high performing teams, and building a better working world.

We have our own community in New York City of over 6,000 employees and a multiple of that in our EY alumni. Our people and alumni hail from all over the world, and bring a dedication and richness to their local community efforts. We are involved with hundreds of local community efforts and we actively support our people's efforts to make a difference by giving them flexibility and time off to get engaged with the community.

We center on themes that create a sustainable and vibrant New York City: entrepreneurship, education, and the environment. We also look to develop creative partnerships. For example, in our work with Carnegie Hall, we have found opportunities for our people to be involved in educating young people about music, some of it in partnership with Carnegie Hall. We offer mentoring programs at inner-city schools and work with Junior Achievement. And in September, we host EY Connect Day in markets all over the Americas, where we send our employees into the community to volunteer. It is a great day and it helps our people focus on making a difference, and that's very important to us. ●