

The Power of Purpose

An Interview with Stephen R. (Steve) Howe, Jr., EY U.S. Chairman and Americas Managing Partner

EDITORS' NOTE Steve Howe is U.S. Chairman and Americas Managing Partner of EY, a global leader in assurance, tax, transaction, and advisory services. He also serves as a member of EY's Global Executive. Howe has been honored by the National Association of Corporate Directors (NACD) as one of the most influential leaders in the boardroom and corporate governance community. Accounting Today named Howe to their "Top 100 Most Influential People" list of thought leaders and visionaries shaping the accounting profession. In addition, he was recognized as one of the top "100 CEO Leaders in STEM" by STEMconnector. 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 Board of Governors of the Center for Audit Quality and on the Board of Trustees of the Financial Accounting Foundation, Colgate University, the Partnership for New York City, and Carnegie Hall. Howe also served as the Corporate Chairman for the Liberty Science Center Genius Gala.



Stephen R. Howe, Jr.

COMPANY BRIEF EY (ey.com) is a global leader in assurance, tax, transaction, and advisory services. In the Americas – EY's largest and fastest growing area – it employs more than 65,000 people across 30 countries and generates \$12.7 billion in revenues. Globally, EY employs more than 212,000 people and generates \$28.6 billion in revenues.

EY's size and scale requires that it hire more than 60,000 people per year, but it is also focused around a clearly-defined culture as a core element of its success. When you lead a business with a vast number of people across so many geographies, how hard is it to maintain your culture and how do you keep it at the forefront of everything you do?

We are very fortunate that EY is known in the marketplace for a culture that is highly collaborative, team-oriented, inclusive, values-based, and client-service centric. It took us a long-time to build this culture and for all of us, this is our most precious asset. People choose to join us because they feel an affinity for our culture. It is striking to me how often I hear that, from both our new hires and partners we admit from other firms. That very

much helps us to reinforce our culture and drive it forward.

Also, when we bring in new people, we take them through an orientation that helps integrate them into EY. We speak about our strategy and all the great things EY is doing, so the strength of our culture is front and center.

At the same time, our culture values diversity. We're very collaborative and embrace new people and new ideas, so the people who join us don't feel like outsiders for very long, and they feel free to express their ideas. We pride ourselves

on innovation and entrepreneurship. We know that culture must evolve with a fast-changing market.

What doesn't change over time is our values. We are high on energy and on integrity, and on people working together across borders around the globe.

A big catalyst to your culture is your clarity of purpose around building a better working world. What does this mean?

That purpose is one that we crystallized not long ago, and it really expresses what we are about. We are, individually and collectively, committed to doing our part to build a better working world. As an organization, we deliver insights and quality services, and those help to build trust and confidence in the capital markets and in all of the economies throughout the world.

At the same time, we are a great place for people to learn and grow. We develop people with outstanding leadership and teaming skills, and they bring those to bear every day so we can deliver on our promises to all of our stakeholders. When we add all this together, EY plays a critical role in building a better working world for our clients, our communities, and for our people themselves.

How is this contributing to growth?

The clarity of our purpose along with our culture of teaming and collaboration has been fuel for innovation, both in developing new services and in attracting the most innovative companies to do business with us. For example, we have been the leaders in serving entrepreneurs for many, many years, and recently celebrated our sixteenth year of leadership in U.S. IPOs.

There is a lot of innovation taking place in the corporate world today, but many people would think that the accounting profession might not be very innovative. Is innovation taking place within firms like EY and if so, where?

Everywhere. It's a necessity because the world is moving so fast. The five-year business plan is a thing of the past; now we have more like 12 to 18 months to make sure we're focused and able to move with a fast-paced market.

We make it a priority to infuse innovation throughout our entire business. A few years ago, issues like the Affordable Care Act and cybersecurity were not nearly as important as they are now. We make sure we are tightly focused on such issues – and the next generation of issues as well.

To do this, we very much work to understand the issues that confront our clients and how we can help them. An example is the regulatory environment, post-financial crisis; we had to change very swiftly to help financial institutions to position themselves properly against a new regulatory dynamic. During this same period, as companies were going through dispositions and transforming their businesses, for us, the challenge became about how to best line ourselves up to help them in the transactions space.

Finally, we developed our own strategy, which was led by the purpose we discussed before. Now we're leaders in the market in helping companies with purpose-led transformation. This can make their transformation more sustainable when they are not just setting up financial goals, but aligning the organization behind a purpose.


This industry plays a critical role in the transparency and integrity of companies. Is that well known and does it drive business?

Integrity is embedded in the first line of our values statement. It is crucial to our brand. Whether it is our audit business, our tax advice, or our advisory business, being based on integrity and having the market believe this is really an organization that is going to bring in teams that are steeped in integrity, is critically important to us. We will continue to embed that in our culture and to work to ensure our brand is recognized that way.

Those who used to be referred to as innovators are now referred to as disruptors. Are these different concepts?

Nobody can stand still in this market anymore. Every industry is either being disrupted or looking over its shoulder, worrying about disruption. If we're not being innovative and thinking about how this industry can be disrupted, then we are going to be disrupted ourselves.

Professional services firms are well positioned to help with disruption. Companies need to change; they need to be lean in a difficult



We are helping to build a better working world, no matter if a person is in our audit, tax, or advisory and transactions businesses.

economic environment, they need to be innovative and think through what the forces of disruption are going to be. They need help; they can't keep changing their internal portfolio of employees fast enough, so they need to reach out to us for assistance.

With such a strong culture and history around supporting entrepreneurs, many would think this is the sweet spot for EY but your clients are all the blue chip Fortune 500 companies as well. How do you offer the same service to both of those companies?

We want to have a comprehensive footprint in every industry sector, and we do want to serve the biggest and most successful global companies in each sector. But we also want to – and need to – serve the entrepreneurs who represent the future. Doing this enables us to replenish our own portfolio. We always have to understand the market well enough to know which companies are moving in and taking share; those who are innovating and disrupting.

The services we provide differ from company to company. We have a good mix between those companies we audit and those we serve with our other portfolio of services, and that balance is very important.

We help some giant companies across the globe on large-scale transformations. In contrast, we have people who are expert at taking on a start-up organization, knowing what they need to get off the ground to be successful, and moving on to an IPO. There is a whole range of services we can provide. But in each case, we'll bring the same culture and integrity.

Not too long ago, it seemed a lot of growth would come from emerging markets, but many of those markets have hit bumps. Are there still strong opportunities in those markets today or is the emphasis back on the U.S.?

Over the past several years, we've grown in the double digits in the Americas, and that growth has been balanced among North America, South America, and Israel, which is part of our portfolio.

Recently, there have been challenges in some of the emerging markets – Brazil is not as strong as it was, for example. Our business is still growing nicely there, but the marketplace is not as robust as it was. At the same time, Mexico's market is healthier.

Since the financial crisis, the U.S. has stood strong; it is viewed, in some respects, as one of the best developing markets in the world.

We're focusing on the trade flows of all of these markets with the U.S., including Canada, Mexico, and the other parts of the Americas; China, India, the United Kingdom; and Africa. The U.S. is definitely an important and growing business at EY, and we see that continuing.

You have championed diversity at this firm for years. When you start from a premise that you're going to hire the best and brightest, does that automatically lend itself to diversity or do you need to have a focus on metrics and an effort around ensuring it?

If you look at our entry-level hiring, it's incredibly diverse. The key for us is how to make the organization inclusive, because those diverse individuals need to feel included, and that they have the chance to succeed.

We do that through an organizational mindset among all our leaders. It holds that diversity and inclusiveness make us better; it makes for better teams. We also have metrics in place to hold our leaders accountable, because we want to make sure that all the way at the top, and up and down the organization, we're very committed to being diverse and inclusive.

You always put the client relationship first, but when you're leading such a large part of this business, it would seem the management, strategy, and vision would take up so much of your time. How do you avoid losing the client touch and is it still all about coming back to those relationships?

I often say to our partners and our people, "The game is outside the windows. Let's make sure we're not spending too much time with each other strategizing." The marketplace has to drive us; it's moving very quickly, and everything we do needs to respond to that: the people we have, the skills we're developing, and the investments we're making.

It's pretty exciting to be with companies today that are navigating through a very complex, fast-changing world, and we want to be their trusted provider of choice.

You've been engaged with the Partnership for New York City for some time. CEOs of companies compete day in and day out, but when it comes to the needs of the city and bettering the city, there is a close relationship and common interests. Does it surprise you to see how close-knit the working relationship is and how critical is it for the private sector to really be engaged to help make sure the city remains a global leader?

What the Partnership for New York City does in pulling leaders together is fantastic. Kathy Wylde has provided such strong leadership. People show up to these meetings and the energy is palpable. We all believe in the importance and vibrancy of New York as the world's most important, not just financial center, but business center. With the continued development, the jobs, and the commerce going on here, people are excited to work together to make sure it continues to thrive.

I talked about the trade flows with the U.S. earlier and the market everyone is most interested in is New York.

Does it surprise you to see what has occurred around where EY is headquartered in Times Square? How important has it been for EY to be a pioneer in growing this area?

It is phenomenal. Fifteen years ago, this building was going up here and people didn't know if it would work.

This is happening elsewhere in the city as well. It's a great story for New York. We want to be leaders. We want to have our name up there in the middle of town and to be part of this thriving community.

What do you tell young people today about the type of innovative careers this industry or firm can offer?

We're at over 200,000 people now around the world, and we will hire more than 60,000 this year. It's important that we attract not just big numbers but the best people, not only out of college but at all levels of the organization.

The message goes back to our strategy and our purpose. We want people to know that what we do is important. We are helping to build a better working world, no matter if a person is in our audit, tax, or advisory and transactions businesses. We're helping companies navigate and become better in their sectors of the business world as well. Our people are excited about this and with that comes the opportunity to develop their careers and become great leaders.

Are there moments as a firm when you can stop and celebrate the wins?

If I have a meeting of an hour with our partners or people, I try to celebrate for 10 minutes. The remaining 50 minutes are devoted to what we have to do better, where there are gaps, and what is evolving and changing that we must react to. That is the reality of the world right now. ●