

The Highest Commitment to Quality

An Interview with Beth Brooke,
Global Vice Chair of Strategy and Regulatory Affairs, Ernst & Young



Beth Brooke

EDITORS' NOTE Prior to assuming her current position in 2003, Beth Brooke served as Vice Chair of Strategy and Corporate Development for Ernst & Young in the United States. In 1993, she temporarily left Ernst & Young to join the Clinton administration, where she was responsible for all tax policy matters related to insurance and managed care. A CPA and the recipient of a BS from Purdue University, Brooke additionally serves on the boards of the Partnership for Public Service, The White House Project, the Atlantic Council of the United States, Technoserve, the Committee for Economic Development, and the National Women's Hall of Fame Advisory Council.

COMPANY BRIEF Ernst & Young (www.ey.com) is a global leader in assurance, tax, transaction, and advisory services. Its 130,000 people in 140 countries provide a range of sophisticated services to clients in a wide variety of industries, including banking and capital markets, biotechnology and pharmaceuticals, consumer products, power and utilities, media and entertainment, technology, and telecommunications.

When you look at the state of the global capital markets today, how vital a role is the accounting profession playing, and how do you define that role?

The critical role that Ernst & Young, as well as the entire accounting profession, plays in the world's capital and financial markets has

become clearer. The public increasingly realizes that the work of firms like ours has an enormous impact on their lives, and when we do our job well, it really matters. It impacts the companies they work for, investments in their retirement funds and pensions, and certainly, the quality of the markets and the global economy.

After a seeming onslaught of corporate malfeasance scandals, it seems the public has placed a greater emphasis on the accounting profession's responsibility. Do you believe it was necessary to bring that responsibility back to the forefront?

Yes, I do. We clearly have an obligation to serve the investing public, and we take that responsibility very seriously, because investor confidence depends on the quality and integrity of our work. When we do our job well, investors can be confident that the playing field is level and that companies are playing fairly and using a common set of rules for accounting, tax, and transactions. We brought that public responsibility very much back into focus for our people. And since that time, it has been clear that these issues matter to everyone, from the biggest investors in the United States to entrepreneurs in remote and emerging markets of the world, for whom accessibility to capital is a lifeline.

Are we where we need to be, in terms of restoring the public's confidence in the capital markets?

We've come a long way. Companies today understand the importance of internal controls, and they have much stronger corporate governance than they did just a few years ago. During the recent market turmoil from the credit crisis, I think it has been important to investors that the profession has been in the mix and has been very clear about the accounting standards and valuations that will be applied. That has helped maintain the public's level of confidence in the quality of audited financial statements, even through a trying period.

As regulation and legislation for the corporate world has been developed, has the private sector been brought into the discussion? Is the dialogue with regulators and public officials effective in addressing the issues of corporate malfeasance that have arisen?

We have lots of opportunities to dialogue privately with regulators around the world, but I would say it's somewhat informal. We need to formalize the interaction between the private sector and the public sector. In fact, Jim Turley

[Chairman of Ernst & Young], has recently called for the formation of a global capital markets working group. We believe that's necessary, because the world is complex, transactions are complex, and the need for transparency and disclosure around those transactions is increasing. There is a true need for the formalized, real-time sharing of experiences and information between the private and public sectors.

Some say, on a global scale, U.S. competitiveness is declining and that it's losing ground in some of the emerging markets. Based on your experience, do you feel the U.S. is in a position to continue to be a world leader?

We are witnessing a tremendous strengthening of the emerging markets – of their economic growth, their standards in corporate governance, and accessibility to capital in their local markets. So in this rapidly globalizing world, I think the U.S. is starting to adapt its relative position in that world – a world with much stronger emerging markets.

In terms of emerging markets, most of the discussion seems to be about the BRIC [Brazil, Russia, India, China] countries. Are those key markets for Ernst & Young? Are there opportunities for the firm in other international markets as well?

I think there will be tremendous growth in many markets, including but extending beyond those of BRIC. There is a global understanding of the need for more consistency in regulation and standards, and that regulation is in the interest of all markets, because it will make business easier to do globally. But when you look at all of those markets – and some aren't even on the radar screen today – many of them present enormous opportunities. As companies begin adjusting their products to reach people of all income levels, we will see a consumer base with a tremendous amount of power that is yet untapped.

You were heavily involved in creating Ernst & Young's corporate social responsibility group. Many business leaders have placed an increased emphasis on corporate social responsibility within their organizations. Is it critical to Ernst & Young's corporate culture? How have you integrated corporate social responsibility into the firm?

We think it is incredibly important that all businesses have a responsible business strategy that aligns the unique competency of an

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organization with the societal needs and challenges in its surrounding environment. For us, that translates into a focus on education and entrepreneurship. In the 21st century, business is increasingly expected to step up and help address societal problems by doing what they do best. So it is incumbent upon business leaders to take their unique competencies and look at how they intersect with social challenges, and to create efforts that are sustainable and good for their business and also society. The youngest generation of our workforce is certainly looking for this socially responsible mindset in the organizations they join. So while we live in a time of great opportunity, we also live in a time of great expectation from our incoming workforce and our public interest stakeholders. It's important that we use our influence and our seat at the table in a responsible way, recognizing that, while we live in a time of great opportunity, we also have a great obligation.

At E&Y, you have a fellows program. Has that program been effective, and have your employees become engaged with it?

It has been incredibly effective, and our employees just love this program. While we serve the largest global companies in the world, they all started as the smallest entrepreneurs in the world, and we understand that. So for the fellows program, we are simply extending our multi-decade commitment to entrepreneurship to micro-entrepreneurs – those who can't necessarily afford to pay for our services, but deserve them nonetheless. Entrepreneurship is fundamental to addressing income inequality and poverty. By working with entrepreneurs in developing countries, we can help to stimulate entrepreneurship, to create more jobs, strengthen economies, and create opportunities for people all over the world. Our fellows, who spend three months working with an aspiring entrepreneur, emerge from the program with an incredible global mindset. They have worked across cultures and they understand, in a totally new and different way, that what we do really matters. They come back changed forever, and that's a huge benefit to them and to us as a firm.

You are a leader in positioning the Ernst & Young brand and the firm's messaging on a global basis. The firm has recently placed an emphasis on achieving potential, in terms of its branding. Why did you feel it was the right time to go through that process, and how does that new branding

identify what Ernst & Young is all about?

Our culture is an important part of who we are as an organization and our challenge was to describe ourselves in a way that captures its essence. The theme, "Achieving Potential – Making A Difference," is at the heart of what we stand for. It represents our commitment to helping each other achieve our full potential, and our commitment to helping our clients deliver on their promises to their markets and stakeholders, and it's about making a difference in the communities in which we live and work.

Many companies have focused on diversifying their workforce. Inclusiveness is fast becoming an area of focus for companies as well. Ernst & Young has long placed an emphasis on inclusiveness. How do you define what that term means to the firm?

Success is all about our people feeling valued and included within our organization, and having their diverse perspectives and ideas embraced so they can reach their individual potential and our firm can reach its collective potential in making a difference for others. It is a business imperative that global organizations attract a diverse workforce along different dimensions, such as gender, ethnicity, generation, and orientation because those dimensions present different perspectives and ways of thinking. An inclusive culture allows diverse perspectives to come together in ways that truly make a difference.

Has enough been done to mentor the next generation of women business leaders? Has a level playing field been created in your industry, as well as in the overall corporate arena?

Women have made progress, but we still are on a journey. Now is no time to take our eyes off the ball. I do think that there is still an unconscious bias against women in society, and it is important that we continue to try to understand it and address it. The job is not done. With regard to mentorship, successful women need to continue to mentor the next generation. I love Madeleine Albright's quote: "There's a special place in hell for women who don't help other women." I think it's good to be reminded of that sentiment, because successful women absolutely have an obligation to help other women.

Is enough excitement being generated to bring young people into the accounting industry? Are young people aware of the opportunities a career with a professional services firm like Ernst & Young can offer them?

Absolutely. It's a very attractive field for young people, and I think they have a much better understanding today of what we do and the number of different careers they can have at

Ernst & Young without ever leaving the mother-ship. I'm proud that Ernst & Young is consistently recognized as a great place to work. We were also mentioned as a positive example of a flexible work culture in a new book by *The New York Times* reporter Steven Greenhouse. A flexible workplace is critical for an organization seeking to attract all types of talent; it's not just a women's issue. Flexibility means different things to different people, and that's the magic of a flexible work environment.

You played competitive sports in college. Did that shape how you manage your people and the type of businessperson you are today?

You bet it did. It goes back to inclusiveness: The team is critically important, and with globalization, you need to get the job done working across cultures with diverse perspectives. You have to define success by effort and by working well as a team, even though you may not always win.

Have you been able to find a work/life balance? Does technology make it harder to "turn off" the business and disconnect for a while?

I think work/life balance means something different to everyone. I try to look at it over the long term, rather than on a day-to-day basis. Every day is a struggle, and people who say it's easy to balance their professional and personal lives I suspect aren't being honest. In the long term, as long as you're having fun and making the difference you want to make in your personal and professional life, you're getting it about right.

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Is there another kind of career that you have always wanted to try?

I have so many things in life that I want to do. I'm going to run out of time. The great thing about Ernst & Young is I feel I've had so many different careers. I have done so much already and I hope I'm going to do a lot more here. I believe that the economic empowerment of women around the world is critically important to society. When you empower women economically, you get a multiplier effect. They take better care of their children, they have a bigger impact on their communities, and they have a much more powerful effect on their country as a nation. I think that is good for everyone. So if there's one thing that I want to do a lot more of before I'm gone from this world, it is to find a way to help more women entrepreneurs around the world. ●