



Pip McCrostie

EDITORS' NOTE *Since joining Ernst & Young in 1987, Pip McCrostie has played key roles in major transactions in the U.S. and Europe. She is formerly a senior partner in Ernst & Young's U.K. practice. She was a founder of the European Transaction Tax network and co-founded the U.K. Transaction Tax group. She remains a Client Service Partner on a major EY private equity account. McCrostie is a qualified lawyer and practiced for several years in New Zealand, where she also qualified as an accountant.*

COMPANY BRIEF *Ernst & Young (www.ey.com) is a global leader in assurance, tax, transaction, and advisory services. Worldwide, their 141,000 people are united by their shared values and an unwavering commitment to quality in providing services to clients. Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity.*

Would you provide an overview of Ernst & Young's Transaction Advisory Services (TAS) and the range of services that you offer?

We help businesses around all aspects of their capital agenda. In the post-recession world, how companies manage their capital today will define their competitive position tomorrow. Our TAS professionals globally help some of the world's largest organizations, fastest growing companies, and private equity firms raise, invest, optimize, and preserve their capital. For example, we can help businesses raise or invest by supporting all aspects of a transaction, from strategy to execution; we can help them optimize through working capital management strategies; and we can help preserve capital through corporate restructuring.

How much of an impact did the global economic crisis have on Transaction

Interview

Focusing on Clients' Changing Needs

An Interview with Pip McCrostie,
Global Vice Chair of Transaction Advisory Services, Ernst & Young

Advisory Services and how was Ernst & Young positioned in its TAS business during this time?

With a historic focus on M&A during the boom years, TAS was significantly affected by the crisis as companies pretty much stopped buying and selling overnight. Focusing on our clients' changed needs, we transformed our global TAS strategy and positioned ourselves more broadly around their capital agenda. This made us more strategically relevant to them beyond M&A and across the whole economic cycle.

There is much debate concerning economic recovery. Where do you see the market today in regard to recovery and are there signs that M&A is returning?

It's tough to disagree with the saying that if you put three economists in a room you'll get four points of view. M&A activity is no easier to predict. In the past 12 to 18 months, we've seen a number of would-be M&A booms as megadeals in hot sectors with commentators reaching for their starter pistols only for the rest of the runners not to turn up. What we in EY TAS know is that interest rates remain low, some corporates are sitting on large cash stockpiles, and some sectors are very hot right now. We are going through a period of prolonged volatility – you only have to look at what's happened in the past couple of months with significant sovereign debt issues in the Eurozone and the downgrading of the U.S. debt rating causing major turbulence in the market. That turbulence could lead to strategic acquisitions as weakened asset prices create opportunities for companies with strong balance sheets.

Our Capital Confidence Barometer gives us a great insight into the future plans of leading businesses. It's conducted with a panel of more than 1,000 C-suite execs from more than 60 countries. Our fifth Barometer – to be released in October – will predict the appetite for M&A over the next 12 months given some of the significant recent macroeconomic and political issues we've experienced.

Ernst & Young has a strong global footprint and heavy focus on emerging markets. As to the future, will most of the growth opportunities for TAS come from emerging markets?

Based in 140 countries around the world, Ernst & Young is well-placed to see the effects of globalization on our clients. We've been in many of the emerging markets for years, growing

with them. We're very well-positioned in BRIC and other emerging markets, and we're making the right investments so that we can continue to mirror their growth. Following the financial crisis, we see significant differences from market to market and it's clear that we live in a world where a one-size-fits-all approach is no longer applicable. Our focus is ensuring we anticipate our clients' different and changing needs across mature and emerging markets and delivering exceptional client service, regardless of whether it's in Shanghai, São Paulo, or San Francisco.

Ernst & Young places a major emphasis on diversity and inclusion as part of its culture. How critical is this to the success of the firm?

I sincerely believe that we have a people-focused culture that is second to none, and our focus on diversity and inclusiveness is critical to how we attract and retain the best people and deliver exceptional service to our clients. As our clients become more global and expand into new markets, they expect us to be equally diverse. Diverse teams have also proven to stimulate innovation and new ways of problem solving. But they need an inclusive culture to help them function at their best. Inclusiveness is all about making the diverse mix work. Let's take gender as an example, because one stat alone underlines why diversity and inclusiveness is a business priority. Women now account for 60 percent of graduates in Europe and the U.S. That's just one reason why improving gender balance to enhance business performance in what is still a male-dominated corporate finance and private equity world is really important to me.

You joined Ernst & Young in 1987. Could you have imagined in your early days that you would stay over 20 years? What has it been about the experience that has kept you there?

No, I didn't think I would still be here 20 years later, particularly given that I worked for three different organizations within the first six years of my career. The key for me has been variety and fantastic people – that's a real testament to the breadth of opportunities within Ernst & Young and the teaming culture. Perhaps as important is the freedom to come up with ideas and the backing to implement them. Ernst & Young is renowned for its work with entrepreneurs across the world and that reflects the entrepreneurial culture within the organization – if you have a good idea, you are encouraged to run with it. ●