

Engaged with Entrepreneurs

**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



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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.

FIRM 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.

You have been a highly visible business leader, especially on the topics of entrepreneurship, innovation, mentorship, and inclusiveness. How do you view these topics?

I see all these topics – entrepreneurship, innovation, mentorship, and inclusiveness – as linked together to enable the achievement of individual and collective human potential. It's a mindset that encourages us to seek out answers and value diverse perspectives as we take on the toughest challenges. These, together with a growing number of venture funds, are critically linked to increasing the vibrancy of New York City and the economy at large.

The next generation of leaders is out there – we need to foster an environment that empowers them to drive innovation and deliver sustainable results.

What are your observations on New York City and entrepreneurship?

New York City's reputation for new business, job creation, and innovation is something that the rest of the world is taking note of.

At EY, we are celebrating our 30th anniversary of The Entrepreneur Of The Year® (EOY) program. Every year, we

find upwards of 1,700 high-growth companies across 25 locations throughout the U.S. Panels of independent judges select the best of the best and there are now more than 9,200 U.S. Entrepreneur Of The Year alumni throughout this country. Three decades of learnings on growth and ingenuity offer us great perspective on what it takes to start and scale some of America's – and the world's – most successful companies.

This is where I am very bullish about the future of New York City. Over the past several years, we have seen a renaissance of new business formation, across multiple sectors – financial/fin-tech, fashion, media, technology, real estate, retail, consumer products, hospitality, health sciences, and personal wellness. The 2016 New York Entrepreneur Of The Year winners are behind many of these trends.

The New York Entrepreneur Of The Year program attracts hundreds of nominations from the leaders of the city's most vibrant businesses, emerging and established. The quality of these companies is superb. They are creating jobs and employing thousands of people, have national/international customer bases and supply chains, and are forging innovation across multiple sectors.

What are you hearing from these New York City entrepreneurs?

What I pick up in talking with the entrepreneurs is how important it is to be located in the New York City region – they see it as a strategic advantage. The environment for new business formation is better because of: the depth of diverse and well-educated talent; immediate proximity to consumer and business markets; thoughtful changes in incentives and the tax code; access to capital; a strong professional services network; and, an environment that encourages one to "fail fast."

Here I need to credit the collective focus of Kathy Wylde and the Partnership for New York City, the Governor's office, and Mayors Bloomberg and de Blasio. Together they helped to strengthen the environment for business creation.

If we want a good gauge on the future health of the city, just look at the classes of these entrepreneurs and budding businesses – there are many good reasons to be optimistic.

"Failing fast" – that's an interesting concept. Will you elaborate?

I have been engaged with entrepreneurs, large and small, for many years now. These range from the young breakthrough companies of a decade ago that now dominate industries to the start-ups of today, to the companies that once had the "hot idea," only to find out that they could not successfully navigate a key turn in the road.

Few were lucky enough to get it right the first time, and they tell me that failing fast is the greatest break they get. Yes, they believe they came up with a well-defined hypothesis, but by trying and failing, they realized the gaps that helped to reshape the idea and used that failure to drive greater innovation. The faster one can disprove their best idea, the more rapidly they can be on to the next iteration.

Here the "New York minute" is a gift to those determined to breakthrough with a leading idea. The competition is so strong, the pace of innovation so fast, and the access to information so rich that one can use this to one's advantage to accelerate innovation and the refinement of ideas. This creates stronger and more successful companies, which in turn attract and inspire the next wave of entrepreneurs and emerging enterprises.

Would you also talk about innovation and the concepts of "big needing small" and "established meeting disruptive"?

Take a look across the businesses of New York City – every large employer across every major sector is experiencing disruption and looking to innovate. Customer relationships are changing in healthcare/wellness, education, financial services, real estate, media, retail, and personal services. Virtually every decision in our day is affected through technology – impacting how we hail rides, where we book our tickets and dinner reservations, how we access critical products and services, and how we define the physical space where we spend our work days.

The greatest advantage that New York City holds over many centers of innovation is that it is the place where “big needs small” and “established meets disruptive.” Every CEO I talk with in New York City lives this tension – investing in innovation amid disruption so they can redefine their processes, connection, and value propositions to their customers and employees.

This is certainly impacting our business at EY – we have put an enterprise focus on innovation to establish new levels of customer solutions, quality, and satisfaction. It is the reason we are investing in talent to expand our offerings in areas such as data analytics, cybersecurity, other disruptive technologies, and start-ups.

It is also why our perspectives resonate in the marketplace. Inside our organization we have embraced many of the lessons learned from 30-plus years advising and guiding entrepreneurs and innovators. Today, more than anytime I have ever seen, sustained success is almost fully dependent on the disciplined processes around innovation. Here, small really helps big, and the disruptor strengthens the established company. We are infusing this spirit through creative alliances, business incubation, and new partnerships.

A global “hotbed” for this kind of innovation is right here in New York City. It is further catalyzed through the rich cultural diversity of the city and the constant influx of new people – powerful enablers for fresh thinking, innovation, and disruption. It’s yet another reason for optimism over New York City’s future.

Let’s turn to mentoring. Why are you so passionate about this?

Much of our business model at EY, and I suspect at many other companies, is dependent on mentoring. We have studied this and have embedded this at every level of organization. It creates a special relationship that enriches the individual and unlocks potential.

The thing I have come to appreciate is that mentoring takes multiple forms. While there are certainly benefits where one sees obvious similarities (gender, ethnicities, generational, experiential), the diversity of the experience compounds the enrichment.

The real breakthrough happens when one injects diversity into the equation – women and men, younger mentoring older and vice-versa, different ethnicities working together, engaging people of all abilities. These varied experiences lead to richer outcomes. When that happens, the breakthroughs in cultural connection, engagement, and innovation go up exponentially. We end up with a much more engaged and effective workplace where people have greater trust and embrace their differences as strengths.

Have you taken this a step further through your focus on equitable sponsorship and personal accountability?

That’s right. In addition to mentorship, equitable sponsorship is important to me and my leadership team at EY. We want to see sponsorship happening more equitably for women and ethnic minorities, and this has been a focal point for me and our board. It is an integral part of our journey toward building a truly inclusive culture.

I like to look at it this way: a mentor stands beside someone, while a sponsor stands in front of that person championing them when they are

not in the room. At my organization, we recognize that equitable sponsorship is one of the greatest opportunities we have to help advance all of our people, particularly those with diverse backgrounds. Sponsorship accelerates careers and is critical to developing leaders.

One of the ways we institutionalize sponsorship – and signal its importance to the rest of the organization – is through our Inclusiveness Leadership Program (ILP) in the Americas. The ILP is a multiyear experience that pairs high potential partners and principals – across all dimensions of diversity – with an executive coach, as well as with members of our board who serve as mentors and sponsors.

I personally serve as a sponsor through ILP. This role has enabled me to advocate for diversity, inclusiveness, and the advancement of women and ethnic minorities in our organization. I’ve taken valuable insight from every conversation I’ve had as a sponsor. Sponsorship has made me a better leader.

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Hasn’t *DiversityInc* named EY the number-one company in the United States in mentoring?

Yes, earlier this year, EY was named by *DiversityInc* as the number-one company in mentoring. We were also named the number-three company overall on the *DiversityInc* Top 50 list. It was a validating moment for our team and our focus on this vitally important investment. The team at *DiversityInc* and our own Inclusiveness Councils have really challenged

our effectiveness. Their rigor has helped us to dig deep and make our programs so much more effective. This is something we hold all of our partners and executives accountable for and has been the greatest driver of our success.

That *DiversityInc* mentoring award led to something really cool with award-winning chef Marcus Samuelsson. Tell us about that.

On its surface, one might think there would be very few things in common between one of the world’s most famous chefs/restaurateurs and the people at EY. But Marcus Samuelsson heard about the *DiversityInc* award and began to ask questions about our business model. His excitement was palpable because he saw exactly the same formula for his success – investing in each individual, raising the specter of opportunity, using differences to create richness. Most importantly, he saw that mentoring was essential to escalating the vitality of communities, especially the Harlem community, and tackling issues of youth opportunity.

Marcus put together a night to celebrate mentoring at the famed Ginny’s Supper Club at the Red Rooster in Harlem. Luminaries and their mentors with their mentees from food and wine industry, entertainment, EY’s leadership and Black and Latino professionals, City leaders, and a host of others came together to celebrate the power of mentoring. Marcus talked about how critically important it is to invest in and enable the success of others. It was an evening where one could see, hear, touch, and taste the richness of diversity, inclusion, and mentoring.

On more than one occasion that night Marcus shared that we are in exactly the same business of realizing human potential. He is exactly right about that (although, I am not sure he is quite ready to let me into his kitchen to fulfill my dream of becoming a chef).

Finally, Steve, you talk a lot about purpose – why is this so important to EY’s future?

That’s a big question. I am incredibly proud of the difference our people are making, and that gives me great optimism about our future. We have embraced a purpose-driven mindset of “building a better working world” and have extended that to the impact we can make on each other, our clients, and our communities. We have always been very much centered around our values and culture of teaming, quality, and doing the right thing. Defining our purpose has allowed each of us to make a very personal commitment towards making a difference.

This has improved the way we team, how we leverage our collective talents, the impact we make for our clients, the energies we invest into the communities, and the opportunities we create. It also has caused us to ask better questions about what any of our stakeholders are truly endeavoring to realize.

Asking better questions of clients, investors, regulators, community leaders, and employees has focused us on committing to and realizing those goals. It is not about what benefits us, but how we can, through our commitment, hard work, and ingenuity, help to realize a larger outcome. It has created a mindset in EY of an accounting and advisory firm that is accountable. That is why purpose is so important. ●