

Blackrock Exec “Freaking Out” Arthur Lipper Responds

The following article from **Chief Executive** prompts a recognition of reality.

Larry Fink, founder and chief executive of BlackRock, the world’s largest money manager, is freaking out, says *Chief Executive* Editor-at-Large Jeff Cunningham. Fink’s 2019 letter to CEOs admonishes them to start thinking beyond their bottom lines and lead with a conscience. If he were to channel Gordon Gekko, Cunningham says, he might have said it this way: [“Greed was good in the past but in today’s world, purpose is better.”](#)

Since the inception of our effort to educate both investors and business owners, I have felt it necessary to gloss over the significant societal benefit of revenue royalties, fearing our effort would be cast into the “do gooders” basket in the minds of the sophisticated investors to whom we were telling our story.

For investors to generate higher profits while assuming less risk is not a bad thing, and for business owners to participate fairly in the success of their expanded businesses is a very good thing. It is good, because an expanding business pays more people more and acquires more raw materials, uses more space and is able to invest more in executive and staff training and longer-term employee benefits -- all of which benefit the community and society.

This is all very different from the capital management approach of simply extracting more money from business owners who seek to expand their businesses. Nevertheless, investors are leery of those who seek investment while claiming social benefit for a broad range of programs, many of which are thought of as being unrealistically ambitious or poorly managed.

Though we will continue to disclose the fact that expanded businesses are good for more than just the owners of the businesses, we will not focus our communications on the good produced for others, outside just the providers and recipients of funding.

"It's good to do good, but simply proclaiming that principle is not good financial marketing — without an approach based on a clear, results-oriented financial discipline, designed to fairly protect and advance the interests of both investors and companies."

See the full text of Larry Fink's letter, from the Blackrock website, here:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

Arthur Lipper -- January 25, 2019