

The Club welcomed Laurence D. Fink, founder, chairman and CEO of BlackRock, Inc., for the Third Dinner Meeting of the 2017-2018 Program Year on February 13. The Dinner Meeting was held at the Sheraton Chicago Hotel, where the Club also hosted the annual New Member Reception. New Members were given a red rose to wear for the evening, while Consuls General, who were also honored that night, received white roses. Chair Mellody Hobson moderated a fireside chat with Mr. Fink, who had recently made headlines for his annual “Letter to CEOs.”

Below are excerpts of the conversation between Mr. Fink and Ms. Hobson.

On the ambition that fuels his success:

Mellody Hobson: I read something from one of your former partners at First Boston that said, "This is a guy who always wanted more than he had. He was the guy whose nose was pressed against a window. You could sense his ambition." What was driving you this whole time?

Laurence Fink: I have a drive that is pretty intense to try to believe that I'm self-improving every day.

MH: Do you wear people out?

LF: [...] I think I help drive many of my leaders, and the next generation of leaders, to be driving themselves. I think I've been a great role model for so many of the next generation of leaders in the firm. And I don't have to tell them to drive, they're driving just as fast as me. They're working just as hard for the improvement of the organization every day. I actually believe that's one of the fun things for me to see, watching these young people, and serious leaders of the firm today, drive their careers, drive themselves, succeed and build.

On his \$100 million loss at First Boston, which led him to leave the company:

MH: Were you angry with yourself?

LF: I was just mortified at myself. I talk about this experience all the time because, let's be clear, the failure wasn't anybody else's but mine.

MH: So you owned it?

LF: I totally owned it. The firm wanted to fire a bunch of people for that loss, and I told the firm, “If you're gonna fire them, fire me,” and they wouldn't do it. So everybody stayed. But I believed that because I was ultimately responsible for that position. Probably the most important thing I learned – and this is one of the great lessons we learned and one of the foundations of our risk management system – is we should have been fired a year ago, and a quarter ago, before the loss. We were making so much money, and we had no idea why we were making so much money. We had just extraordinary risk, and there was no risk systems then. Nobody bothered to ask us, "How are you making so much money?" Or, I never asked myself.

On his annual “Letter to CEOs” and his belief that companies should have an active role in society:

MH: I think a lot of companies could say that they're connected to their community by saying, "I have these companies that have hundreds of thousands of employees, and because I have hundreds of thousands of employees, I'm therefore connected to society." I think you are suggesting more than that. And you say the role of a company has never been greater.

LF: I think, governments – and I'm saying plural, not singular, in this moment – governments have unfortunately been more focused on the short-term. I believe companies can and must play a bigger role. I believe the best companies, and the companies that perform the best financially, are

companies that are thinking beyond that profit of the moment but they are more connected with the society in which they're operating. They're serving a purpose.

On the current volatility in the market:

LF: What the market is saying is we're the largest debtor nation in the world. Forty percent of our deficits are financed by other countries, the countries mostly that we're going to have trade fights with now. You generally don't yell at your bank when you borrow money, that's just not a good technique. We're doing a good job of that. And so, we should be alarmed by what's going on. Congress, in my mind, should not have had a budget that increased the deficit by \$300 billion.

On the kinds of diversity necessary for a company to succeed:

MH: I read you spend a lot of time on this, you talk about boards and diversity. These are issues you say are important to you, "Near and dear to me, this issue of diversity." Why are you focused there?

LF: Well, that's just one component of good governance.

MH: Why don't people do that better?

LF: I don't have any idea. It shocks me. [...] If you don't get diversity of mind, you're probably in as much trouble as any component of diversity. I actually believe too many business people, and in any other profession, like replicas around them. They like people who think, act, do exactly what they do, and that's the ultimate failure of any organization. Now, you generally get diversity of mind through gender, through ethnic backgrounds, race, but the one thing I'm really rigorous on now, I make sure that we hire 450 young people every year. I'm trying to get away from Ivy Leagues and get to more state schools. I am really trying to make sure that we get people from different backgrounds. Ultimately, the most important thing – we don't do this, but if I was king – I would never hire a business major undergraduate. I would never hire a business major.

MH: Because they're trained to think alike?

LF: No, because anybody who's getting a business degree as an undergraduate means you're focusing on money, not focusing on learning. I believe the MBA plays a good role after you've had a purposeful undergraduate degree that will teach you how to think and act. [Although] there are many young people who may be first generation college educated, and they believe the best way to get a great job, to be better than their parents, is through a business degree.

MH: What was your undergraduate degree in?

LF: It was political theory.

MH: So anything but business you say?

LF: Yeah, anything but business. [...] We all have conscious biases, this is one of my conscious biases.

(These excerpts have been edited and condensed for clarity)

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