



LEAD WITH WE

EPISODE 11: FRANK COOPER

Frank Cooper:

Think about this. We've been saying for the longest, "You know what? Climate change is coming. Don't worry about it until 2050. It's going to happen in 2050." We're now in 2020. It's here upon us now. You can run the numbers and you can see it. It's no longer this distant future. It's affecting the assets that we currently have.

Simon Mainwaring:

From We First, welcome to Lead With We, the podcast where top business leaders and founders reveal how they built their companies to be high-impact and high-growth by putting We First. Lead With We is produced by Goal 17 Media, storytellers for the common good.

Simon Mainwaring:

Welcome to this week's episode of Lead With We, where I'm talking to Frank Cooper, the Senior Marketing Director and Global Chief Marketing officer at BlackRock. Frank, welcome to the show.

Frank Cooper:

Thanks so much. Great to see you.

Simon Mainwaring:

Great to see you too, Frank. And you've had a very interesting journey to end up at BlackRock, which is the largest hedge fund in the world. You worked at a Def Jam, you worked at BuzzFeed. How do you end up in the finance world?

Frank Cooper:

Yeah. I planned to make that switch from entertainment to consumer goods to BuzzFeed to financial services. No one could map that out. Right? And it seems like it's random, but it's actually not completely random. And I was very fortunate early in my career to have someone pull me aside and say to me, "What do you really want? What are you passionate about? What energizes you?" And that person told me, "Hey, whatever that is, find that, because you need to connect that to your work, because if you don't, you're going to work so hard. Eventually you will find that your main work will take over your life, and what you really enjoy doing will be pushed to the wayside. So if you can connect those two things early on, do it."

Frank Cooper:

And so I found that I actually wanted to find ways to increase people's potential, find ways to connect people to others and if you look at my experience in the entertainment industry, you might say, "Oh, that was great. You met some stars" whatever, it's fine. Fantastic. But the way I looked at it was that Motown and Def Jam helped to connect people to cultures and people that they otherwise would be disconnected from, black culture in particular and Motown did it in a very specific way, assimilation, and Def Jam did in the opposite way. Now, when I was at PepsiCo, I love the fact that Indra Nooyi, when she became CEO, the first thing she did, she

established a mantra performance with purpose and we were looking for ways to start to make brands more purposeful and empower people in much more specific ways.

Frank Cooper:

At BuzzFeed, I was very excited about the fact that BuzzFeed at its best would take people who were historically marginalized and put them on center stage and at BlackRock, I never thought about going to financial services. In fact, I never really thought about it as being an option or something that would be interesting but I had a really interesting conversation with Larry Fink. When I came in and met Larry, he didn't talk about ETFs or returns on investment or active versus passive. What Larry talked about was purpose, he talked about empathy, he talked about diversity and inclusion, he talked about financial inclusion. We talked about these big ideas all which were exciting to me and things that I found motivating.

Simon Mainwaring:

Let me ask you this. It's such an interesting career journey. Is there a common denominator between Def Jam and PepsiCo, and now BlackRock?

Frank Cooper:

100%. I mean, in each of those cases, those were companies and industries at the intersection of change. They were undergoing massive changes throughout those industries. The record industry was undergoing massive change. The food industry and beverage industry with PepsiCo, PepsiCo was undergoing a massive change. The publishing industry with BuzzFeed and now financial services. I thrive at that intersection and what I like is being part of leading that change. There's a lot of uncertainty around it, but for me, it's an opportunity to be more creative, but also to have a greater impact in the world. And so, that's the through line through all of it.

Simon Mainwaring:

What was going on in the financial services industry that really demanded your attention? What change were you hoping to bring about?

Frank Cooper:

So, honestly, when I thought about the financial services industry and I live in New York and I have many friends who are in investment banking and asset management, investment management in general, but I honestly just literally thought about it as truly just money in an abstract sense. It's how you make money, how you save it and it's great, and how you invest it and it's fantastic. But I didn't think about it any deeper than that. For me, it was kind of a spring saying, my father retired and they start living differently. And it occurred to me that, wow, we never talked about his relationship with money or my mom's relationship with money or my relationship with money.

Frank Cooper:

We never really talked about saving and investing. We talked about earning and we've covered all the other territories. We've covered physical fitness, we've covered nutrition, we've covered mindfulness, we've covered relationships, but we left out money and I don't care how much education a person that has or claims to have, what doesn't happen, typically, at least in most formal education, is teaching someone how to have a healthy relationship with money so that how you earn your money and spend it and save it and invest it and give it actually nourish to the benefit of your sense of wellbeing.

Simon Mainwaring:

I think that is such a powerful point, unlike you, my dad and I never sat down and talked about money and how to invest it, but you're right, you do talk about earning it and getting a job and getting ahead but here we find ourselves where the industry at large is changing and you're almost sort of representative of that industry as the largest hedge fund in the world but now your increasingly becoming known, BlackRock as a sustainability leader. So for those who don't know, describe to us what BlackRock is and how it's married this sort of necessary profit motive with being a sustainability leader.

Frank Cooper:

So BlackRock is a asset management and investment management company. We basically manage other people's money. We invested across any type of investment you can imagine, whether that's in stock, whether it's fixed income, a bond or ETFs, whether it's a private equity. It's across the full range and that's one thing that makes BlackRock unique. Unlike most companies, we cover the full spectrum of investing, but we do it on behalf of others, on behalf of clients. The technical term is that we're a fiduciary.

Frank Cooper:

And so we do that on a very large scale. We have roughly \$7 trillion of assets under management, but when you break those assets down, what's fascinating is you start to look at the real people behind them. You start to see that what we're investing in, we're investing in pension funds all over the world and behind those pension funds are teachers and the firefighters and police officers. We're heavily invested in what they call exchange traded funds which basically track and index and that's allowed more individuals to come into the marketplace and to invest in stocks in a way that's more safe.

Frank Cooper:

So what we do is we invest across that full spectrum. What's happened in the past, let's say 10 years since the global financial crisis, people rightly so started to question, does this system serve me well? Is it allowing me to participate in a way that I will benefit and maybe my children will benefit from this and improve upon what I built? And increasingly people were answering that question with absolutely not and you started to see that populate around the world in the form of populism, which turned into nationalism, and you started to see people's expectation of a fund and firms and companies in general change. They started to say that this system is not working for me. I want to see a change. And Larry Fink, our CEO, every year puts out a CEO letter in January and the themes were consistent.

Frank Cooper:

What Larry did is he didn't really focus first and foremost on the industry and say, "Here's what's happening in industry. Let me tell you what to do." He focused on what was happening in the world, what was happening in society and in culture and how did that impact our industry. He talked about long term ism. He talked about diversity and inclusion. He talked about purpose and most recently he talked about environmental sustainability and for us, again, it's not just kind of a clarion call out in the world. We've taken that, Larry's letter, we've taken those issues and pull them back into the industry. So when you look at something like environmental sustainability, what we concluded is that climate risk is investment risk.

Simon Mainwaring:

That intersection you're talking about between environmental responsibility and sort of investment growth is a tension which is continually explored today. I mean, it's something at

the heart of the reengineering of the financial industry or the financial services industry. Let me ask you this. Fundamental to what you just described as a tension between a longterm perspective and a short term perspective, the equities markets, they want to make more money sooner rather than later, yet if we are going to be more responsible to the environment, we've got to take a more longterm effect. So, you're at the intersection of this as the largest hedge fund in the world. How do you calibrate or rationalize those two so that you can discharge your fiduciary duty in a sense and maximize people's investments, but also protect their future as well?

Frank Cooper:

It's a really, really tough situation. If you put yourself in the position of a leader of a company, a CEO of a company, and you have quarterly pressure from your investors to generate greater returns and growth, it's very difficult putting in place a longterm proposition but what we've seen is this, when a company actually puts a stake in the ground and is clear about what it stands for, it's clear about why it exists, it's given a lot more latitude because then when a company innovates, it makes more sense to investors and most important it makes more sense to employees. I think the major unlock to all of this is that employees are demanding it. When you look across those stakeholders, I think that's where the pressure is going to emanate from first and foremost will be employees.

Simon Mainwaring:

I am optimistic as well for that very reason. I think we're finally seeing the necessary coalition of people or stakeholders, including employees, including investors, including consumers, all coming together and saying, "We need to do something differently." So in your opinion, this is Larry's third letter in which he called for this, well, he announced that he sees a fundamental restructuring of the capital markets. Why now? Why this shift now? Why is BlackRock speaking out now? Is it a function of urgency? Is it a function of the opportunity to retool ourselves while we still have time?

Frank Cooper:

I think it's a combination of both of those things. I mean, there's definitely a sense of urgency. The clock is ticking in terms of our ability to address the environmental concerns that many people have raised and whether someone believes in that or not, what is true is that there is a widespread perception that climate change is real and that wide spread perception will affect the assets that people are holding. Now we've had protests at our office. We've seen reports come in from people who ordinarily would be on the side of not making change saying that it's time for change. I mean, I think enough people have rung the bell that it caused us and many others to pause but I think what really changed everything for Larry, BlackRock, was that it was no longer just a social or cultural issue.

Frank Cooper:

It was now so, so deeply embedded in culture and society that it would start to affect investments and it's not purely a money issue. It's more of kind of an awakening that when you think about risk, it's not purely about monetary issues at this moment. When you think about risk, it's about how the cultural societal impact will affect the way in which an asset actually grows over time. Think about this. For the longest, we've been saying, "You know what? Climate change is coming. Don't worry about it. It's 2050. It's going to happen in 2050." If you have a 30 year mortgage, we're now in 2020. A 30 year mortgage, six year into 2050, how does that get priced into the risk of certain mortgages in areas that are low buying areas across the country that are prone to flooding and we're seeing that get worse and worse over the years. That's kind of the clarion call was that it's here upon us now. You can

run the numbers, you can see it. It's no longer this distant future. It's affecting the assets that we currently have.

Simon Mainwaring:

I think you're absolutely right in that, not only are issues like climate affecting the lives of people outside business, but it's really affecting business in terms of their bottom line. We've seen a shift because climate is affecting supply chains and their basic ability to produce the products that they want to sell and it's affecting their ability to attract the employees and when the talent wars they need. It's affecting their ability to win the goodwill and loyalty of consumers who care about the future and so it finally is really visiting upon the bottom line drivers of business and so business has really woken up, but I'm sure you must get a lot of pushback. I mean, in terms of the companies you invest in or how you encourage them to change, what sort of pushback do you see and how do you deal with it?

Frank Cooper:

Well, look, I mean, no CEO, in most boards of directors, don't want to have additional pressures and constraints put upon them and we're basically making a public statement that change needs to happen now and so the pushback you get is that, "Even if I agree with what you're saying, BlackRock, I don't want you to impose it. I don't want you to draw the line. We want to have flexibility to make these changes ourselves." And you get some people who would say, "We don't even necessarily agree with you and who are you to tell us what we should be doing?"

Frank Cooper:

The bottom line is we're making a choice on behalf of our clients, that we're looking at what we believe is happening in the world and how that will impact investments, how that will impact companies over the long term. No one has to agree with us. It's our judgment about what's happening in the world. So the pushback comes all the time and from all sorts of places but along with the pushback you get a lot of people who basically say, "Thank you for giving us some air cover, because we know it's the right thing to do and we know it's actually beneficial to our company in the longterm."

Simon Mainwaring:

It's interesting, isn't it? We find in our work that often, as soon as you give people permission to do what they want to do instinctively, or what's innate within them, which is to be more responsible, to be more purposeful, and you can articulate what that looks like, it's like a house of cards and suddenly all falls into place because no one wants to really kind of make profit to the extreme at the cost of everything that makes business possible. That just doesn't make any sense and if they can drive growth on the strength of being purposeful, why would they not

Frank Cooper:

The reason I think it's so hard is that you have generations of executives who've been trained to think about one thing, to maximize the profit for the shareholder, the Milton Friedman doctrine. Everyone who has gone to business school, a major business school, that's the first thing they teach you and then all the courses flow from that. Then you have people who've been successful in doing it that way and now we're saying to them, "Guess what? That is no longer the case. That's no longer enough."

Frank Cooper:

You have to think about a whole nother set of stakeholders, employees, communities, your business partners, as well as shareholders and quite honestly, it's freaking some people out because they're like, I don't know how to balance that. I mean, what's the intellectual construct that I should use to think about how to balance the interests of these stakeholders and I got to shift the way I've been thinking for the past 20, 25 years. Many people don't want to do that, but they have to do it because the expectations of the people that are most important to them have shifted so profoundly and again, I think employees will drive it, but I think communities will put pressure on companies also and I think business partners will put pressure on companies in addition to the employees in the communities.

Simon Mainwaring:

Yeah. I agree. I think the days of incremental change where we sort of iterate on the way things were done in the past are gone. In fact, we've got to back out of the future now. We've got to kind of look at the reality of what's coming towards us from the future in terms of client and so on and say, "Okay, working backwards, what do we need to do to be in business, to be relevant, to solve for these issues?" And that's not a burden. It's a big innovation unlock in some ways and I guess that's even more true this year than ever with COVID and the Black Lives Matter movement and so on.

Simon Mainwaring:

The momentum behind this shift was already building in 2019. I think we all felt that especially around the sustainable development goals and climate crisis and so on, but then COVID really took over the day. What effect has that had on how you see the role of purpose in business? Has it accelerated it? Has it changed it?

Frank Cooper:

So look, I mean, I believe that a crisis, particularly a deep social crisis, reveals what's already beneath the surface and amplifies it and accelerates it and so what we're seeing, even with COVID-19, what we're seeing is wealth inequality is a problem. We're seeing racial inequity is a problem. We're seeing disparities in the healthcare system is a problem and we're seeing that who's actually leading in the office across various countries actually matters and so all these things are coming to the surface and the question is, as a company, how do you address all these disparate issues? I got black lives matter. I got COVID-19. I have economic pressure. I have employees that I want to retain. How do you maintain, how do you put all that together without having just kind of random responses to these various issues that are facing you? I think that's what purpose is all about. Purpose is about setting a competence for the company so that when you start to make decisions, you've filtered it through your sense of purpose.

Simon Mainwaring:

And I mean, for those that are in triaged mode, they're literally trying to survive. Are you saying to them they need to make that leap of faith knowing that by really making purpose core to their business they're setting themselves up for success more effectively in the longterm? I mean, it's, it's a really big ask for companies that are just breathlessly trying to hang on.

Frank Cooper:

No, and that's a great point and whether purpose is central to everything you do depends on where you are in the life cycle of the company also. You take any startup, for example, just any startup in the best of times, they're not thinking about purpose deeply really. They're

thinking about how do I survive? How do I pivot to a place where I become profitable? And I would say that for many, many small companies, right now, they should focus on the same thing which is surviving.

Frank Cooper:

However, what we do know is this, whether it's a recession or a social crisis, those companies that just hunker down and try to hang on, typically don't make it to the other side. They typically don't make it. You got to find a way to play both defense and offense through a crisis and so the defensive piece, I get it. You got to do what you have to do to figure out how do you maintain and survive, but you also have to open up another lens and say, "Well, what can I do to actually help people, do my part or to create value or to serve a human need in the spirit that we're in right now?" Defense and offense is critical to get through this crisis, whether you're big or small as a company.

Simon Mainwaring:

Not to be cynical or naive, there would be those out there that would say, "Listen, that's great coming from large corporations that have deep pockets or from large funds like yourselves," but really there's a strong sense that there are deeply vested interests that are really, they don't want things to change. They want things to stay the same because they're doing very well and making hay. Why should we believe that now is any different? Why is it really going to translate at a foundational level in terms of the way people do business, the way they invest, or is this just another chapter in a long story that'll continue without anything really changing?

Frank Cooper:

I mean, look, I think the history of business, the history of societies has been to resist change but the change happens when you see a groundswell and what are we seeing right now? Here's what we're seeing. We're seeing more employees saying, the best talent saying, "I don't want to work for a company unless I believe that company is in some way making a positive contribution to society."

Frank Cooper:

And what are we seeing? We're seeing communities and activists who understand that, you know, "I understand individual cases of inequity. I'm not concerned about that. I'm concerned about the entire system." And so now we're seeing a much more organized, concerted effort to address the entire system of things, not just approximate, causes.

Frank Cooper:

What are we seeing? We're seeing communities across the world saying, "We're not going to invite companies in and welcome them into our communities unless we believe they're helping us along."

Frank Cooper:

And so what you start getting it from employees to communities, to activists, and now even the investors, some investors are saying, "I want a great return, but I think I can get a great return, but also invest my values." And we're seeing that. And so to me, that is the perfect stool and it is the recipe for change when you see unrelated segments of society all pushing toward the same thing, all pushing in the same direction. But there's one thing that actually, I think makes this inevitable and that is simply not sustainable. Sustainability is the right word.

Frank Cooper:

The system that we have in place is not sustainable because too many people are left out but the system actually works because it can accommodate a much wider range of people. It requires leaders to have the courage to make the shift and those leaders that don't have the courage, they'll start to lose the talent war, those leaders that don't have the courage, I think, we'll start to see customers walk away and this particular crisis, again, I think amplifies and accelerates all those feelings and amplifies and accelerates the need for the changes that we're talking about here on this podcast.

Simon Mainwaring:

What do you say to a CEO who is either resistant, has their head in the sand, has their bottom line as a priority, what do you say to them to get that on lock?

Frank Cooper:

What I would say is that purpose is not what you think it is. You're probably thinking of purpose in a way of this kind of extra responsibility and burden that you have to impose upon yourself and upon your company, but purpose is the unlock for you, but it starts from a place that may be unfamiliar because most people, when they think of purpose, they think of mission and mission that you're looking in the outside world. This actually starts from a place that's deep within inside your company. It starts from getting every single employee in your company to find a personal connection to your sense of purpose.

Simon Mainwaring:

Frank, if you could give us a couple of examples of way companies of different sizes have retooled in response to what you're talking about in Larry's letters and has consciously gone about re-engineering themselves and how they engage their employees and how they go to market and what they make in a way that does a better job of serving our future while also serving their bottom line.

Frank Cooper:

The best story I can give you is BlackRock itself. Here's what we did for all 15,000 employees. What we started off doing is we said, "We're going to have an articulation of our purpose that is coauthored by our employees." And so we actually held these two day, three day events actually, where we'll talk with each other about the stories that we found to be the most inspiring about what BlackRock has done. We ran algorithms to kind of pull out words that we found were kind of recurring words that people would use about BlackRock. We did that, came up with a statement and what we quickly realized was that the statement in and of itself was meaningful, but fell far short of what we thought was necessary to actually bring this to life and make it real.

Frank Cooper:

And we realized is that the next most important step, and we talked about this earlier, was that we had to figure out a way for employees to feel connected to our purpose statement. And so we went through a bunch of exercises. I don't know if you heard the term ikigai, which is the Japanese term for kind of finding your personal purpose. We went through that versus a bunch of different methodologies for identifying what is it that creates a sense of fulfillment in you as a person and how you can connect that to your job. So we finally put together a workbook and we sent this workbook out to all 15,000 employees and went through that process and it's an ongoing process, but the stories that came back from that were amazing in terms of people feeling more connected to the firm.

Frank Cooper:

We then said, "Okay, now that's an ongoing process. Now we have to figure out how do we actually turn the lens externally?" We're actually in the midst of that right now. We started doing it in January with the January letter, but we're in the midst of it now. Trying to articulate our purpose is to help more and more people experience financial wellbeing but how do you bring that to life in the world where it's meaningful and differentiated? We hope that you'll start to see that in September.

Simon Mainwaring:

And have you seen a difference internally? Have you seen employees show up in a different way?

Frank Cooper:

You know what? We did, but then COVID-19 hit and so it's hard to judge it. It's hard to see what effect that's having in terms of employee morale and employees feeling a sense of greater fulfillment in their jobs. Where I've seen it be more effective during this time is to direct our energy in investments. As we are starting to innovate, we were definitely turning to our sense of purpose and our purpose statement to help guide us. We're definitely using that as a compass in terms of where should we put our resources over the next six months to nine months to a year.

Simon Mainwaring:

And then, as the largest hedge fund in the world, you have a better perspective on all of this than anybody, because you're sort of at the top of the hill and you can see the patterns out there. Why are you optimistic? Why do you think we can meet these challenges in the next couple of decades?

Frank Cooper:

We have a choice to be optimistic or pessimistic, right? It's kind of binary in a way and I've never seen pessimism and a lack of enthusiasm lead to any kind of change that's meaningful, never in anything and so I think we have to start with a sense of hope, but most importantly, optimism is a belief that tomorrow will be better than today and we know we can do that. Whether we can change it in the long run, who knows? But we know we can make tomorrow better than today and I think that the way that we address what is clearly a massive challenge across the globe, what started off as a tense, uncertain proclamation is now widely accepted as being normal. The fact that sustainable investing can generate normal returns, that's actually now not a big debate anymore. If you change the way investors think, and you put that on top of all the other changes that have occurred, for me, that's a source of optimism and it's one more step toward what I think is the solution.

Simon Mainwaring:

I couldn't agree more. We've seen such an acceleration of this mindset over the last few years, but if you were to cast your crystal ball out to the future, what's your vision for what business will look like in the future?

Frank Cooper:

My vision for what business should look like in the future is rooted in this idea that we would have purpose driven leaders. Every single company would define why they exist, how they help solve some human need, and they figure out how to do that in a way that's profitable. First of all, I don't think that's a unrealistic request, but also I think it's one in which employees

will find greater fulfillment, leaders will have a greater impact and communities will welcome more companies in as they start to pursue that. I think we're right there, Simon, right now today on the precipice of that happening and I think we're going to see a dividing line between those companies that embrace that and those that don't and I think the ones that don't, I believe will pay a price.

Simon Mainwaring:

That line in the sand is great cause for optimism, I agree. You're either on the right side of history or you're not and a growing number of companies are really looking to the future and seeing their responsibility. Frank, thank you so much for your insights and thank you to BlackRock for its leadership in this area and we look forward to following how it rolls out inside BlackRock itself, but also how you inspire more companies to think and act this way as well. So thanks for the time.

Frank Cooper:

Thanks so much. Appreciate it.

Simon Mainwaring:

Today. We were talking with Frank Cooper, the senior marketing director and global chief marketing officer of BlackRock, who shared with us a few things that they're doing to become a purposeful company themselves. First, recognize that the old system of shareholder profit above all else is no longer sustainable and then recognize that sustainability itself is increasingly becoming a growth and innovation driver, and finally make those changes internally and externally to stay relevant to today's fast changing marketplace and also to position your company to lead the future. You can subscribe to Lead With We on Apple, Google, or Spotify, and please recommend it to your friends and colleagues, so they too can become purposeful and profitable businesses. If you'd like to learn more about how you can build a purposeful brand, check out wefirstbranding.com, where we have lots of free services and case studies. See you on the next episode of Lead With We.

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