

Talent management at BlackRock: A conversation with Larry Fink

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The most important component of good management is ensuring “diversity of mind,” says the CEO of the world’s largest asset manager.

Since cofounding BlackRock in the late 1980s, Larry Fink has led the company to become the world’s largest asset manager, with more than \$6 trillion assets under management and 13,000 employees globally. A background in risk management gives him a unique perspective on the risks and rewards related to talent.

“Firms fail when you have group think. You generally have group think when you have replicants all around you,” he says.

In this February 2018 interview with McKinsey Publishing’s Rik Kirkland, Fink discusses the role played by BlackRock’s board in maintaining a strong leadership pipeline and how analytics helps ensure diversity on multiple dimensions across the company. An edited transcript of Fink’s remarks follows.

Interview transcript

The role of the board in talent management

Our board today spends a day and a half every year on reviewing talent in every one of our businesses. It is in the hundreds of people—we’re talking about every business, and the business leader has to review his or her talent. They have to talk about who would be next in line if we move that leader to another division or if that leader was hit by the proverbial bus.

We have the board reviewing the young talent that we should be focused on over the next five years, the next three years, or the next one year. Then we compare and contrast these presentations with presentations from the year before, and the year before that, to create accountability. So, if somebody was on the list to be next in line and he or she is no longer on the list—why?

The board's role is very interactive, and it is very involved. It creates better accountability at the firm level. And this is why I love being a public company. Most people don't talk about that. I actually love being a public company because this process of board oversight forces stronger behaviors.

Diversity of mind

Not only are we looking for the best-quality person in a role, we are reviewing gender and the composition of our team in terms of culture, ethnicity, and race. I think one of the areas of diversity that we don't talk enough about is diversity of mind.

It's very easy to see across a business and ask, how many women are there? What's the gender mix? It's very easy to see if there is a diverse group of men and women with diversity of race. We don't spend enough time asking: Do we have an organization with diversity of mind? I think this is where most companies fall down.

People who are engineers like to be around other engineers. People with a background in political theory are generally around other people in political theory. People who have an affinity with one political party or another are generally friends with people in that political party. There are so many places where you see congregations of people around ideals, around education, around race. We have to break that down. Firms fail when you have group think. You generally have group think when you have replicants all around you.

The most important component of good management, good leadership, and good stewardship is making sure that you have diversity of mind. When you recruit young people from different universities—and we generally hire around 400 to 450 young people [a year]—they all can't come from an Ivy League school. You have to start from the foundation that people come from different experiences, and they have different opportunities.

If you don't interview a diverse group of people from different universities, different state schools, and different parts in the world, you are not going to get diversity of mind. If you hire all business majors, all engineers, or all people who have one field of expertise, you're going to fall down.

Using analytics is about trying to making sure you have diversity in the composition of people in mind and in background. Having a more diverse team of people will lead less to group think and more to a diverse conversation. □

Larry Fink is the chairman and CEO of BlackRock. **Rik Kirkland**, a partner in McKinsey's New York office, conducted this interview.