



## Take Five – Meet Ken Kroner

**Blurb:** Ken Kroner is global head of Multi-Asset Strategies and head and Chief Investment Officer of Scientific Active Equity. In 2012, he joined the Global Executive Committee. We asked Ken five questions about leadership, his career and BlackRock. Take five minutes to learn more.

### Story:



#### 1. What are some important leadership lessons you've learned during your career?

One lesson I've learned over and over again is the importance of having a clearly articulated vision. If you don't have that everybody will run in different directions and you won't get the best out of people. Having a clear vision means everybody knows where the business is headed and what their role is in getting there.

As an example, before the BlackRock/BGI merger I was involved in a big project to build a product line. We wanted to package long-horizon investment ideas into a delivery vehicle, mainly for sovereign wealth and family offices. But we did a bad job of articulating what "long-horizon" meant, so everyone had a different definition and different goals. You can't build anything under those circumstances. After eight months' work, we had to pull the plug. I learned from that because it was my initiative and my mistake. Now I make sure the vision is absolutely clear and well-understood by all.

A second lesson would be the importance of focus. Once you've got the vision, you need every last person on the team focused on delivering it. You also need every last decision run through the filter of that vision to ensure every decision contributes to achieving the vision. Without focus, people fail.

#### 2. Who outside of work has most influenced you and why?

In the mid-1980s I was working on my PhD in economics at University of California, San Diego. My professor was Rob Engle. Rob is an exceptional academic, teacher and individual. He shared the Nobel Prize in Economics in 2003; he's at New York University now.

With us graduate students, he did everything professors are supposed to do. He mentored us, taught us about research and academia, and shared his thoughts on what it takes to succeed. Most important for me, he spent time with me. Sometimes I would go into his office in mid-afternoon and we'd still be having a conversation in the early evening. We'd just be talking, with ideas going back and forth. He was, and is, very passionate about what he does.

Rob was training me to be a lifelong academic, as that was my goal at the time. But those skills translate to business completely. For example, he taught me the importance of framing a problem. There's a lot to it that I won't bore you with, but if the framework you've built helps you to answer lots of different questions easily (or solves multiple problems simultaneously), you've probably got the right framework. If you have to twist and manipulate it, you've probably got it wrong and you need to rethink it. This applies to everything from building models to designing organizational structures. That's the kind of thing I learned from him.

After graduating, I became an academic at the University of Arizona and got tenure there. But then one sabbatical I went to spend time at Wells Fargo Nikko Investment Advisers (WFNIA), which eventually became BGI. I liked WFNIA so much, I stayed. I may have disappointed Rob at the time, but we still have dinner together quite frequently, so I think he's forgiven me for leaving academia.

### 3. Who outside of work do you most admire as a leader and why?

I have two examples. I admire Pierre Trudeau, former Canadian Prime Minister, and Ronald Reagan — each for exactly the same reason. One was liberal and the other conservative, so I'm not picking sides. Trudeau, Reagan and in fact Maggie Thatcher too.

Love them or hate them, every decision they made was run through a well-understood set of guiding principles. Two things made them effective leaders. One, everyone knew their guiding principles; people knew what they stood for. And two, every decision they made was consistent with those principles, which led to consistency and steadfastness. They did what they believed was right.

I've said to people who work with me many times, if your team can correctly forecast how you'll react to any problem that's comes up, you're probably an effective leader because that is proof that your principles are clear and you are consistent in applying them.

#### About Ken

Ken Kroner, PhD, Senior Managing Director, is global head of Multi-Asset Strategies as well as head and Chief Investment Officer of Scientific Active Equity. He serves as a member of the Global Executive Committee and the Global Operating Committee.

Dr. Kroner's service with the firm dates back to 1994, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, he served as head of the Global Market Strategies Group, head of the Hedge Fund Management Group and co-head of the Client Solutions Group.

Read Ken's full biography [here](#).

### 4. Any words of wisdom for colleagues just starting their careers here?

My first one is, "Pick the professor, not the class." Early in your career, try to learn from the best professor rather than choose the class that sounds most interesting. You'll learn more from the professor than the textbook. This goes back to Rob Engle. I learned more from him than from the classes he taught. In fact, I can't even remember the classes. If you can find somebody who is going to spend the time, mentor you, train you, help you, nurture you, then you're going to get your career off to a great start. It might not be the job that interests you most, but having the right professor will benefit you more in the long run.

Second, work on the basis that there's no Plan B. Don't hedge your career. Go all in. Once you choose a path, go down that path and put a hundred percent of your effort into making that path successful. Don't keep thinking the grass is greener on the other side of the fence. In fact, don't even look across the fence. I had a hard decision to make early in my career about whether to stay here or go back to academia. For a while I was trying to do both academia and asset management; I was hedging my career. Then I got some great advice from [Richard Grinold](#) who told me that I'd never reach my potential as long I was trying to do both. I got off the fence, and my career took off from there.

Third thought - gray hair. Find somebody who has gray hair because that person can teach you a lot. One of my first projects at WFNIA was forecasting the returns to the German stock market, the DAX. I was struggling. I went to Richard Grinold and asked him for advice. He said "Oh, it's thirty percent of volatility. That's the best forecast you can have for the DAX." I listened respectfully but I thought he was living in the dark ages, while I, on the other hand, was coming at the problem with all the latest econometrics. I knew I could do way better than thirty percent of volatility.

I spent the next two weeks throwing my arsenal of technology and cutting edge econometrics at this problem, and well, you can guess the answer...I couldn't do better than 29% of volatility. So I went back to Richard and asked how he knew. He said he's been doing this for thirty-five years and there are very few questions that he hasn't already faced. Of course things change and there is always room for innovation, but you can learn an enormous amount from people who've been around a lot longer than you.

Last – this is a relationship business. Success in your career is largely a function of the kind of relationships you build. So build relationships. And also, never burn bridges. An example of the latter is that I had to ask someone to leave a few years ago. Our relationship was strained and he was still in the industry, so I contacted him and we met for lunch. It was a very awkward lunch, but we rebuilt our professional relationship. Thank goodness, because a few months later he got a job evaluating global macro and currency funds for a key consultant. This meant he was evaluating my products. If I hadn't made contact, things could have looked very different.

#### **5. What do you think has made BlackRock so successful?**

It's the people. We have great people across the board, and in an industry like ours it really does come down to people. If you've got the best, you'll be successful. BlackRock started with good people, has acquired good people, and hires good people. Success breeds success. "A" players hire "A" players, and "B" players hire "C" players. BlackRock continues to hire "A" players.

We attract the best because of our brand and our reputation. As a fiduciary, when we're talking to the press, the public or Washington, we're representing firefighters and teachers. We're not representing our balance sheet. That gives us a lot of gravitas and credibility.

We also have a deep culture of client focus. It's been here from the start and it's in everything we do. Our culture and Principles are authentic and alive. They're not just talk.