

Creating Innovative Solutions for Investors

An Interview with Joan Solotar,
Senior Managing Director and Head of Multi-Asset Investing and External Relations, Blackstone



Joan Solotar

EDITORS' NOTE Before joining Blackstone in 2007, Joan Solotar was with Bank of America Securities where she was a managing director and Head of Equity Research. Prior to joining Bank of America, she was a consistently highly ranked Institutional Investor "All-America Research Team" financial services analyst at Donaldson, Lufkin & Jenrette and Credit Suisse as a managing director. She chairs the Board of Directors of Blackstone's Charitable Foundation. She is the author of a Harvard Business Review article entitled "Truths for our Daughters." Solotar received a B.S. in Management Information Systems from the State University of New York at Albany and an M.B.A. in Finance from New York University.

COMPANY BRIEF Blackstone (blackstone.com) is one of the world's leading investment firms. It seeks to create positive economic impact and long-term value for its investors, the companies it invests in, and the communities in which it works. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Their asset management businesses, with over \$360 billion in assets under management, includes investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets, and secondary funds, all on a global basis.

Will you discuss what excited you about joining Blackstone and what has made it such a special place for you?

What most excited me was the firm itself. At every point in my career from day one in 1986 when I joined First Boston then DLJ, I have been drawn to working with folks who are smart and very focused on a culture of excellence. I also looked for an equally important focus on ethics and integrity, and a company where one could have room to roam – meaning that if people had great ideas and the ability to execute on them, they were encouraged to do that.

It was clear from my interviews for my initial role that Blackstone questioned conventional thinking and, unusually for a financial services company, it had its foot on the pedal of both dreaming the dream and protecting the downside.

I had operated in an environment at a large bank where protecting on the downside ruled the culture and, in many ways, inhibited the ability to be innovative and creative, while focusing more on process.

Joining Blackstone presented an opportunity to be at a great place with smart, talented people and, culturally, to be encouraged to be innovative and creative.

At the size and scale of Blackstone today, is it harder to maintain that innovative edge?

Innovation can happen in every area of the firm. It happens in external relations, in our technology group, and in the way we think about investing and distribution. When we do our strategic planning sessions, we don't discuss asset-raising targets; it's about finding interesting investment opportunities where we would have the edge.

It's about creating innovative solutions for investors, and we continue to expand who those investors are. When I joined the firm, it was largely focused on U.S. pension funds, but we quickly began to expand globally and enter new channels. One of the more exciting elements of my day to day is thinking about how we grow the distribution channels within high-net-worth

and family office, and within foundation and endowments, while also creating bespoke product for those particular channels.

Will you talk about strength of the multi-asset investing business for Blackstone?

This effort came out of our firm-wide strategic plan in 2008, when we determined that we should further diversify the client base and sources of capital. We looked at many different models and ultimately determined our core competency is investing. From there, we determined we would distribute through financial advisers and we realized we needed to create the mechanism to help educate them, and we needed to create product that they were interested in.

We met with several firms and figured out that we didn't yet have the right servicing model. We hired Brendan Boyle to build out the private wealth management channel to service the biggest wire houses first. We did everything from running what we call "Blackstone Universities" to regular meetings with financial advisers. We also created a feedback loop to learn what else we could be doing.

This was really about the firm recognizing that high-net-worth individuals had little in alternative assets and, coming through the financial crisis, those were the asset classes that outperformed much of the more traditional markets.

Advisers were looking to fit alternatives in their portfolios and there was a big lift in education needed. Flash forward to where we were several years into it, and while we're in the first third of a cycle, we have definitely made headway.

Today, the combination of the Blackstone brand, our scale, investment results, and innovation, which is hugely important, have enabled us to be a very desirable partner for those firms.

Will you talk about Blackstone's commitment to giving back?

We bring the same passion and innovation to giving that we bring to everything else, and we're always trying to make it even better.

When the firm went public, the partners decided to create the Blackstone Charitable Foundation, which was initially funded with stock. The original focus was on education, but as we moved into the very deep recession and recognized that there were a lot of individuals out of work, we pivoted to job creation and entrepreneurship.

Our first region was Detroit because it seemed, at the time, to have the most need. Since then, we have created several different programs and partnered with local economic development corps, governments, and college campuses to create innovative and effective programs in many regions around the country. In addition, we've hired more than 40,000 veterans across our portfolio as part of our Veterans Hiring Initiative. It's something people here feel very proud of.

How critical is diversity within a firm like Blackstone?

Our goal is to make the best investments for our clients, and we do that with diversity of thought. We began going onto campuses to conduct workshops for freshman and sophomore women to explain what a career in finance is like, and what they should be thinking about in terms of skill sets if they wanted to apply. We also developed a sophomore leadership program where we bring women from all different schools to our firm and we've started to hire from that pool. We have made substantial progress.

We are now at the second phase where the focus is on mid-level women and determining how to make them more successful senior leaders.

Overall, the numbers from a hiring and application standpoint have improved significantly.

In terms of diversity, and why it is critical, if all of our employees are coming from the same place, we won't have that key variety of thought. Diversity creates a healthier debate, which leads to the best investment outcomes. ●