June 17, 2015

11.30am ET / 8.30am PT

Launching
The Ethical Capitalism Group℠ LLC
and
A New Series

‘Insight Hour’ Roundtables

specially curated for

State Treasurers, Comptrollers & Controllers

‘PROFITS WITHOUT PROSPERITY’:
HOW BUYBACKS HURT PENSION FUNDS,
SAVERS AND THE ECONOMY

Guest presenter:

Professor William Lazonick, Winner of the McKinsey/HBR Award
Professor Lazonick’s paper, 'Profits Without Prosperity', was last year’s winner of the McKinsey / Harvard Business Review awards.

CEOs are supposed to be value creators, not value extractors – which is, in essence, what the buyback craze is about. CEOs are supposed to create new wealth from existing assets (the companies that they run), not appropriate those assets to extract wealth, largely for themselves by way of very generous pay packages that bear no relation to any true value that they should have instead created – at the expense of shareholders’ long-term best interests.

Buybacks are in essence precisely this – stripping a company of its assets and ability to build strong long-term growth platforms and competitive positioning. In sum, buybacks destroy long-term shareholders’ wealth, and destroy our economy’s growth prospects.

It is time to reverse this economic madness and put long-term shareholders’ best interests first.

READ MORE HERE:  https://hbr.org/resources/pdfs/comm/fmglobal/profits_without_prosperity.pdf

About us, in brief:

Wall Street’s first and only social enterprise, we are founded in response to the 2012 Equity Market Review by Prof John Kay. We endeavor to implement the key principles and recommendations contained in this Review. As such, we do not charge the asset owners a cent, because asset owners clearly pay far too much by way of fees to Wall Street already – and get far too little in return (as per Eugene Fama, Charley Ellis, et al). So we are indeed definitely not a ‘typical’ Wall Street firm; we are breaking away from the mould, which is clearly a very good thing, from your, the asset owners’, and your beneficiaries’ perspective. We are definitely not against the active equity model: but we do believe that it needs to be – and can be – very radically re-booted to be able to produce the better returns and growth that your beneficiaries deserve; and that’s how we help the active equity investment management firms and their processes deliver better returns to you, the asset owners.

***

Format: The first 30 minutes will consist of the presenter talking about his work; then follows a 30 minute discussion with the State Treasurers, Comptrollers and Controllers.

This will be a closed event.