Why Responsible Growth is Here to Stay: A Conversation with Chris Hyzy

With Chris Hyzy, Chief Investment Officer, Bank of America Global Wealth & Investment Management

And Moderator Ron Insana

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MR. INSANA: Chris, we have been hearing a lot lately about responsible growth, the idea that of course companies need to grow, but they also need to grow in a way that factors things like diversity, social welfare, the wider community as integral to the company’s bottom line. What can you tell us about this phenomenon?

MR. HYZY: So responsible growth from our perspective has a lot to do with the triangle of success. Are corporations doing good for the broader community? If they do good for the broader community, economic advancement, educational advancement, innovative practices, diversity of inclusion in the workforce, etc., you benefit. You're not stuck in legacy practices. That's number one. Number two, you're actually open to new ideas, which this economy needs. And when you put that together with associates that you want to have work at your company, and then the shareholder benefits from all of this, you get the triangle of success. And that's the responsible growth engine.

MR. INSANA: Some critics of corporate growth say you cannot figure out and do this properly unless you factor in the true economic and social cost of production, that not every company takes a look at how much cost there is outside just the actual physical cost of making something. There are environmental costs; there are other costs, not all of which are factored in. Do they have to start using those models to get there?

MR. HYZY: I believe that in the last decade to two decades, when one talked about responsible growth or social impact, it was more about putting restrictions on things. And it's less, much less about that now, and it's more about building an ecosystem that actually ultimately may incur cost in the short run, but overall in the long run, whether it's for shareholder value purposes, the company itself, associates, employees, the broader community, economic advancement through education, all of that has much greater long-term benefit.
MR. INSANA: So how are companies delivering on the promise? And can you give us some examples of how it's working?

MR. HYZY: Well one of the areas that you see a lot is when you're building a new plant. What are you doing from an environmental perspective, and it's not just about, remember going back to the eighties, which is energy conservation. That's not the point. It's more about the broader community at large. Can you make something good out of something that you're actually changing? And that leads to things like solar energy, less use of hydrocarbons in many respects. We've seen that across the board.

MR. INSANA: Now I know there's a big question, because you almost have to go back to 1776 and Adam Smith and The Wealth of Nations to determine whether or not this is changing the very nature of capitalism itself. Do you think it is?

MR. HYZY: It certainly is, yeah. It's about $1 of investment, what do you do with it? Now we know capital investment or just capital itself has always and will likely always go to the greatest risk-adjusted return. I would argue that the greatest risk-adjusted return going forward, lower risk, higher return, are companies that are practicing the responsible growth initiative and doing what's good for the greater good.

MR. INSANA: Chris, thanks very much for sharing your thoughts on this rather fascinating topic. I suspect we'll be hearing more about this in the future. Thank you.

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