

Big company, little-known leader



Dale Stephanos/Special Contributor

CEO runs financial services giant with low profile
her family has kept since founding it 74 years ago

At 58 years old, Abby Johnson is one of the most powerful people in the world of finance. Yet most people know little about her. The chairwoman, president, CEO and reportedly the largest individual shareholder of Fidelity Investments — her family's business — gives an occasional speech, spends a lot of time at events for clients and is in regular contact with her legion of employees. But when it comes to talking about herself, she generally doesn't.

IDEAS AT WORK



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That's partially a hangover from her upbringing as the daughter of Ned Johnson III, who transformed his dad's modest investment business into a global financial empire. In an August story about her low-profile family, Bloomberg said they were "allergic to the limelight, scornful of excess and almost comically un-

pretentious."

Johnson was supposed to give the keynote address at this year's annual meeting of the Dallas Citizens Council in November. She had carved out time for an interview with me during her visit because of Fidelity's important presence here.

Fidelity has 6,000 employees in Dallas-Fort Worth, primarily at its sprawling customer contact

CEO and president unassuming, well-grounded

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campus in Westlake — the company’s largest employee population in the U.S.

The pandemic put the kibosh on that trip, but Johnson stood by her commitment to me via Zoom. She went to her headquarters office in downtown Boston, where she gets more dependable internet than at home. When she got bumped off our Zoom call, she laughed and said, “Coming here was supposed to insure against that.”

In normal times, Johnson tries to get to Dallas twice a year.

“We love Dallas,” she said. “We have a tremendous workforce and great leaders down there.”

According to *Forbes*, she is worth \$15 billion, which includes an estimated 24.5% share of Fidelity, founded by her grandfather, Edward C. Johnson II, in 1946 as an investment management and research firm.

Her father transformed that into a financial supermarket by introducing and distributing other firms’ mutual funds and other products.

Abby, short for Abigail, took over the company reins as president and CEO in 2014. Two years later, she added the title of chairwoman.

Johnson never expected to be running one of the world’s largest financial services companies from her 115-year-old ancestral home in a township outside Boston.

But as the pandemic took hold, on March 12, she decided to batten down the hatches, telling her global workforce to pack up their desks and head home. Within 12 hours, 70% of Fidelity’s nearly 50,000 associates across the globe were working remotely.

Within three weeks, more than 90% of Fidelity’s workers were technologically geared up, and the \$8.8 trillion — that’s with a “T” — multinational behemoth was back in the swing of things, Johnson said. “What we accomplished in a few weeks would have taken most companies five years.”

Her biggest personal challenge was carving out space for a home office and dealing with spotty internet and Wi-Fi.

Johnson started out in a storage space over the garage, but it was too cramped and sweltering by summertime. So she moved to a quiet living area that includes a home gym. “It’s always been nice to have that, but it’s the best thing ever in a pandemic,” she said.

Grounded and intuitive

So what’s Abby Johnson like?

For starters, she comes off as intuitive, surprisingly unassuming and well-grounded.

I asked her what makes her happy.

“Being around fun, smart people,” she said after giving the question a moment’s thought. “Having adventure and variety in my life. Getting to meet and interact with different people. Not being bored.”

Kathleen Murphy, who heads Fidelity’s \$3.2 trillion personal investing operation, has worked closely with Johnson since Murphy joined the company 12 years ago.

“Abby has always been refreshingly authentic, down to earth and has a great sense of humor,” Murphy said. “I have always been impressed with her passion, standard of excellence and willingness to roll up her sleeves to achieve the right outcomes for our clients, associates and the business.”

Under Johnson’s leadership, Fidelity has grown its traditional retirement and brokerage businesses and expanded into new lines like Bitcoin and blockchain technology, digital health care benefits and student loan debt administration.



Fidelity Investments

Abby Johnson, listening while a Fidelity Investments representative talked to a client in 2011, became president and CEO in 2014. Two years later, she added the title of chairwoman. Edward C. Johnson II, her grandfather, founded Fidelity in 1946 as an investment management and research firm.

Upward trajectory

Fidelity Investments has experienced dramatic growth since Abby Johnson took over as CEO in 2014.

	2014	2020 (as of 9/30)	Change
Revenue	\$15.1 billion	\$20.9 billion	38.4% <div></div>
Assets under administration	\$5.1 trillion	\$8.8 trillion	72.5% <div></div>
Defined contribution participant accounts	17.6 million	24.6 million	39.8% <div></div>
Individual investors	24 million	32 million	33.3% <div></div>

SOURCE: Fidelity Investments

Staff Graphic

AT A GLANCE Abigail ‘Abby’ Pierrepont Johnson

Title: Chairwoman, president and CEO of Fidelity Investments

Age: 58

Born and raised: Boston

Education: Bachelor of arts in art history, Hobart and William Smith Colleges, 1984; MBA, Harvard University, 1988

Estimated net worth: \$15 billion, which includes an estimated 24.5% ownership of Fidelity Investments

Resides: Milton, Mass.

Personal: Married to Christopher McKown for 32 years. They have two daughters, Julia, 25 and Eliza, 22.

SOURCES: Fidelity Investments, *Forbes* magazine

Fidelity Investments

Headquarters: Boston

Founded: 1946 by Edward C. Johnson II

Ownership: Fidelity is privately held. Current/former employees own 51% and the Johnson family owns the other 49%.

Main lines of business: Workplace benefits outsourcing, individual and employer retirement, health savings accounts, asset management, wealth management, college savings plans, clearing and custody, and retail and institutional brokerage.

Clients: 32 million individual investors and 24.6 million workplace retirement accounts

Revenue: \$20.9 billion

Assets under administration: \$8.8-plus trillion

Employees: Nearly 50,000 worldwide, including 6,000 in D-FW at investor centers in Dallas, Fort Worth, Irving, Plano and Southlake, and a regional customer contact center in Westlake

SOURCES: Fidelity Investments and *Dallas Morning News* research

The family lived in downtown Boston. “You get a real sense of a cross-section of people and diversity — even if you live in an upscale neighborhood,” she said. “That’s what cities are. There’s a density of people that you don’t get elsewhere.”

She went to private schools in Cambridge, and beginning in the third grade, she rode the subway with schoolmates. “So I was exposed to things that people generally assume that I didn’t get exposed to,” she said.

Despite the family’s enormous wealth today, her father’s fledgling business of managing equity mutual funds had rough sledding in the early ’70s when the stock market crashed.

“It was one of the worst bear markets that the country had ever seen,” said Johnson, who was in her tweens at the time. “Nobody was very impressed with stock market geeks. It wasn’t a business that the media or even average people at cocktail parties were interested in.”

She worked at Fidelity while getting her degree in art history at Hobart and William Smith

Colleges in 1984. She took a job as a research associate at the analytics consulting firm Booz Allen Hamilton the next year.

“I was basically a grunt, putting numbers into spreadsheets,” Johnson said. She stared at a screen all day, plugged in numbers and ran models that her bosses wanted.

“But it was a great opportunity to learn how to do business analytics and basic business analysis,” she said. “It was a great thing to do right out of college.”

It was also where she met her husband, Chris McKown, who is chairman of Iora Health, a health care company he co-founded.

What did she see in him? “Oh, I don’t know,” she said, rolling her eyes. “What does anybody like about their spouse? Good company. Good-looking. You know. We seemed to get along pretty well.”

They have two young adult daughters. Julia, 25, recently joined Fidelity after graduating from Tufts University. Eliza, 22, is still at Tufts.

Abby and Chris can afford to live anywhere but choose to

reside in the affluent town of Milton in the colonial house that her great-great-grandfather built and where her grandmother and dad grew up.

The couple moved there shortly after they married 32 years ago and have never had any desire to leave. “That said, old houses are a lot of work; there is always work to be done on it,” she said. “But the more you work on it, the more it feels like your place.”

She and her family can also retreat to their home on Nantucket Island.

Health enthusiast

Growing up, Abby enjoyed a variety of sports, especially snow skiing and running. “But I wouldn’t say I was outstanding in anything.” A few years ago, she took up tennis. “I enjoy getting outside and getting my heart rate up,” she said. “I find that it’s good for my physical and mental health.”

She considers the day lost if she doesn’t log at least 5,000 steps. “That happens when meetings go over and the day gets longer than planned — an occupational hazard,” she said.

She used to have a mantra that it was never too cold for a brisk run. But after breaking her collarbone when she was in her mid-40s, the idea of injury is much less appealing. “So I have found my at-home treadmill to be a critical survival tool to winters in New England. It helps to stay snow- and slope-ready for skiing.”

At her behest, the food at Fidelity’s office cafeterias is subsidized on a sliding scale — the more nutritional the meal, the cheaper it is.

You can still get a cheeseburger and a homemade chocolate chip cookie, but you’ll pay more than you will for a trip to the salad bar.

Abby rejoined Fidelity as an analyst after getting an MBA from Harvard in 1988 and began managing the Fidelity Select Industrial Equipment Portfolio the same year.

Charlie Morrison, recently retired president of Fidelity’s asset management unit, came on board about the same time as a bond analyst. They’ve been close associates for 30 years as they moved up the chain of



Matt Stone/Boston Herald

At CEO Abby Johnson's behest, at the employee cafeteria at Fidelity Investments' call center in Westlake and its other offices, the more nutritional the meal, the cheaper it costs.

CHERYL HALL

She loved managing money, enjoys managing people, too

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command. Sure, he knew that Abby was a Johnson when they met.

“But she’s the type of person who you would sit down next to at dinner or have a beer with and you would never know that she is who she is,” he said. “The people who are closest to her will run through walls for her.”

Morrison’s message to those who say it helps to be the daughter of a billionaire: “You haven’t met Abby.”

“Abby was definitely not handed the role she’s in. She busted her tail,” he said. “Fidelity is a place of high achievers who work really hard. There is no one who I’ve worked with at Fidelity who works harder than Abby Johnson.”

Do people feel free to challenge her decisions?

“The people closest to her do,” he said. “But obviously, a big part of the organization would be pretty crazy to do that.”

During the last two years before he retired at the company, Morrison was one of Johnson’s direct reports who was asked to give unfiltered feedback about her performance during the review process.

“And no, we did not hold back,” he said. “She is open to challenge, but she’ll tell you right to your face if she disagrees and will do her own thing.”

Don’t box her in

Johnson learned the importance of customer service at the family dinner table. When her dad was just getting his business going, he’d routinely excuse himself to take a customer call.

“My father — for all of his investment acumen, his fascination with the market and his lifelong dedication to being an investor himself — when it came to running the business, he was all about the customers,” she said.

She’s surprised by the number of companies that don’t fundamentally get that.

Her dad also taught her the importance of keeping up with technology.

“He had an eye toward making sure the operations were reliable and scalable and not prone to human error,” Johnson said. Being paper-driven in those early days

meant being error-prone.

She cringed when I asked her to describe her leadership style.

“I hate that question,” she said flatly.

Instead, she talked about the value of enabling people to have a candid conversation without fear of repercussions.

“My whole growing up in the first 10 years of my career was basically people arguing about stocks,” she said. “It’s a sport. It’s like being in a debate club. It’s not personal. You’re just trying to learn and understand and figure out the best decision that you can.”

“Frankly, I was really kind of shocked when I left that world and moved to the world of managing people and discovered how conflict avoidant and passive-aggressive people can be.

“It was, ‘Oh, gee, this is really unproductive.’”

As an analyst and fund manager, her success depended solely on her actions.

“You’re not actually responsible for any other people, but you’re responsible for a big pile of money,” Johnson said. “That’s a responsibility that doesn’t sleep. You don’t have any deadlines, but your work is never done either.”

There’s a different weight on her shoulders now that she’s trying to create “a synchronized or at least harmonious enough” organization that can push Fidelity’s competitiveness.

“I loved managing money. It was hard to give that up,” she said. “But now I’m managing people, and I love that, too.”

Quick #MeToo reaction

Her colleagues say Johnson leads by example, sets the bar incredibly high, doesn’t offer gratuitous praise, listens and accepts feedback. She expects people to achieve goals and move on.

And she has the ability to look around corners and see where the next big play might be, they say.

Her high standards were made indelibly clear in 2017, when Johnson immediately jettisoned a star fund manager and another top executive after allegations of sexual misconduct came to light.

She sent out a video to every employee enforcing Fidelity’s zero-tolerance policy, hired a consulting firm to examine the company’s culture, vowed to investigate any alleged grievances and take appropriate action, and authorized a series of gender-bias seminars and sensitivity training sessions.

“She was all over this,” Morrison said. “It was swift and decisive in terms of her actions and her communications about no tolerance for this.”

And it has stuck with employees, Murphy said. “Abby’s decisive action to protect and support our values and brand is something associates have come to expect.”

Biting into Bitcoin

Johnson latched on to Bitcoin and blockchain as a personal amusement shortly after the cryptocurrency was launched in 2009. “It was the topic of casual conversation because it was this weird, novelty thing,” she recalled.

In 2013, Johnson and about eight to 10 work friends — “techno, general-curiosity, offbeat people who are interested in new stuff” — began to meet weekly, poking into it and trying to see if there was something tangible for the company.

They formed a Fidelity employee group — Bits and Blocks — bringing in expert speakers from academia and the local tech-rich area.

As internal interest gained momentum, the group started brainstorming about how the technology might be used in other ways — even if it didn’t work out as a cryptocurrency — and then put those ideas out for testing.

The results were positive enough that Johnson decided to take the Bitcoin plunge.

“There was a decent amount of internal controversy,” she said. “A lot of people told me to my face that I was crazy, that Bitcoin was a hoax, and why was I spending any time on it?”

Fidelity established Fidelity Digital Assets in 2018 and is considered a leader in enabling institutional investors to securely store and transact their digital asset investments such as Bitcoin.

“I’m not into the weeds about what’s going on with it,” Morrison said. “But we’ve developed some technology that will position Fidelity and our customers really, really well.

“It will be years before it plays its way out for the benefit of our broader customer base,” he said. “But like her dad, she’s willing to take long-term bets, not looking for short-term rewards.”

Pandemic adjustments

Johnson credits Fidelity’s relatively seamless transition from office to working at home

to contingency planning, investments in technology and digital service capabilities.

Being a virtual CEO hasn’t been as big an adjustment for her as it has for many top execs, she said.

“I’d never worked from home before, but I was very used to working from anywhere — even in the pre-Zoom days before technology made it as easy as it does now,”

Johnson said. “That really began in my days as an analyst when you have to do your stock picking, run your fund and keep up with everything while you’re traveling. That’s been second nature for me for a long time.”

Johnson figured the in-office moratorium would last a month or two.

Nine months later, Johnson still isn’t sure when the compa-

ny will be back to the old normal.

It will happen, she said, but not until it’s clearly safe for employees and customers.

“Nobody can model trends more than three or four weeks out,” she said. “It’s going to be a big challenge to figure out when and how to bring people back to work the right way.”

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