

**Innovative Thinking**

about People, Performance, Profit

Wall Street, Doing What We Ask?*By: Chuck Barkow**Chief Thought Provoker*

Wall Street has taken a lot of flack lately for destroying our wealth. The question is was Wall Street doing the job we wanted. I'm not asking if the consequences of the job were what we intended, I'm asking did they do the job we wanted them to do.

I have some mutual funds. I want those funds to do well. I want them to grow my wealth.

Each fund I own has a manager. Each manager talks to the executives in the companies in the fund to find out if they are going to "make the numbers." Making the numbers grows my wealth and makes me happy.

"The numbers" are the companies financial statements. Executives are pressured by fund managers to make their financial statements look good. Good looking financial statements grow my wealth and make me happy.

But what happens when the growth of one companies financial statements causes the destruction of another companies financial statements? What happens when company A "makes their numbers" by destroying company B?

If company B is destroyed then paychecks are destroyed. If paychecks are destroyed then fewer consumers (wallets) are funded by paychecks. If there are fewer consumers then less purchasing takes place. If there is less purchasing then companies, like company A, sell less (make less revenue). With less revenue there is less money for paychecks.

Did company A "make the numbers" and as a consequence destroy a piece of our economy? Did my fund manager pursue growing my wealth in that fund and as a consequence destroy a piece of the economy my wealth depends on? We need to understand how our quest to grow our wealth can destroy our economy. A company or fund financially managed in economic isolation can destroy our economy.

Your wallet and mine live in the American economy. Our prosperity is tied to that economy. We destroy our wallets when we pursue a growth in our wealth that destroys our economy.

You're the customer of your fund managers. Which do you want to be most important to them: 1) To grow your wealth. 2) To strengthen your economy.