

FINANCE/FINANCE

How Mellody Hobson’s journey to co-CEO at \$14.9 billion Ariel Investments began with a pay-phone call from a basement at Princeton

By Sheryl Estrada

Two Chicago natives and Princeton University alumni—who graduated about 10 years apart—are running a history-making firm that’s been in business for more than four decades. And what eventually blossomed into a co-CEO partnership began with a single phone call.

Ariel Investments, the first Black-owned mutual fund company in the U.S., was founded by John W. Rogers Jr. in 1983, when he was just 24 years old. He’s now co-CEO along with Mellody Hobson, who joined the company right after graduating college in 1991.

Headquartered in Chicago, with offices in New York, San Francisco, and Sydney, Ariel holds \$14.9 billion in assets. It is a global value-based asset management firm serving individual and institutional investors. Among the top 10 holdings in Ariel’s Small Cap Value strategy are OneSpa-World Holdings (OSW), Mattel, Inc. (MAT), and Jones Lang LaSalle (JLL).

In the firm’s new documentary, “Ariel at 40,” what really stands out is the story of how Rogers, who graduated from Princeton in 1980, recognized Hobson’s talent and how she could help take the company to new heights—and how Hobson charted her path to becoming one of the most influential business women in the world, landing on *Fortune*’s Most Powerful Women list every year since 2019.

A life-changing call

During her undergraduate years, Hobson interned at Ariel Investments as well as at T. Rowe Price. One day, in her final year, Hobson was sitting in the basement of the then Woodrow Wilson School at Princeton writing her thesis while also preparing to go on another round of interviews for analyst positions at firms in New York City.

“And I thought, ‘What am I doing?’” Hobson recalled



COURTESY OF ARIEL INVESTMENTS

Mellody Hobson in her early days at the Ariel Investments as discussed in a new documentary.

to *Fortune*. “I can go and work directly with John Rogers, and I could sit at the feet of someone who’s so well respected, and he can teach me. I called John from a payphone, and I think I called collect.”

“I said, ‘I’m going to come to Ariel,’ and then I called and canceled my other interviews,” she said. “And all of my friends thought that I was nuts because Ariel was tiny. And they said to me, ‘Why wouldn’t you go to a big Wall Street firm?’ But to me, I thought I could learn from him.” Hobson has been at Ariel ever since.

At Ariel, Rogers quickly became a mentor to Hobson. During her first day on the job, he took her to lunch at a TGI Friday’s across the street, she said.

“You’re going to be in rooms with people who make a lot of money and have really big titles,” Hobson recalls him telling her. “But you have good ideas, and I want them.”

For most, starting a career in your early 20s fresh out of college, the pressure is on. It takes even more preparation



COURTESY OF ARIEL INVESTMENTS

John W. Rogers, Jr., and Mellody Hobson in her early years at Ariel Investments. The firm has released a new documentary.

to succeed among Wall Street titans.

“In the beginning, for a long time, John took me everywhere with him,” Hobson explained. “I was there to learn and help.” But she soon came up “I still have all my notebooks,” she said. “I went from listening to being able to regurgitate to hopefully fine-tuning answers.” She recalled at the end of one meeting Rogers saying to her: “If you think I’m missing something, or you think there’s something to add that’s really good, add it in the meeting.”

Hobson eventually would spend nearly two decades as the firm’s president, and then was named co-CEO in 2019.

“No obstacle is too big for you to get around as long as you work hard,” Rogers says in the film, on learning from his parents. His father was a Tuskegee airman, and both his mother and father graduated from the University of Chicago law school. His exposure to Wall Street began when his father bought stocks for him every birthday and every Christmas beginning when he turned 12.

‘Bonded forever more’

Ariel’s documentary, which runs just over 25 minutes, was produced by Crystal McCrary McGuire Productions. McGuire, an award-winning filmmaker and producer, and a *New York Times* bestselling author, told *Fortune* that Hobson contacted her about six years ago about producing the documentary. She initially came on board to document

Ariel’s first 35 years, but the COVID pandemic pushed back the schedule.

Ariel’s journey is an “American success story,” McGuire said. “I don’t come from the world of finance, but from a filmmaking perspective, it was just such an incredible story of perseverance, excellence, and trailblazing.”

But success doesn’t come without obstacles. McGuire’s vision for the film highlighted a make-or-break moment for Ariel—the global financial crisis. In the documentary, Hobson refers to that period as “the worst time in my career; it was a crisis of confidence.”

She explained to *Fortune* a poignant moment during that time when she and Rogers were traveling in New York and a longtime client requested an emergency call. “They said they were terminating, and it was a billion dollars,” Hobson recalled. “John and I both went into survival mode, and told them, ‘You should wait. This is the worst moment in the market. You don’t sell now. This is the worst thing you could possibly do.’”

“But this is actually what we believed,” she recalled. “We weren’t saying this just to save assets.” The client wound up terminating the relationship (but later returned to Ariel).

“I remember, I burst into tears,” Hobson said. “John didn’t cry, but I was crying. And he said, ‘This is all my fault—I picked the stocks.’ And I said, ‘No, it’s all my fault. I didn’t do a good job of explaining how we invest.’”

“It was a poignant moment of great pain and great solidarity,” Hobson said. “We were bonded forever more.”

‘Diversity as a competitive advantage’

Hobson is the youngest of six children raised by a single mom, who gave her practical advice such as to make herself indispensable at work. In addition to her career at Ariel, Hobson is a Starbucks board chair and a director at JPMorgan Chase. She also participates in philanthropic endeavors through The Hobson/Lucas Family Foundation, cofounded with her husband, George Lucas, the creator of *Star Wars*, whom she married in 2013.

A longtime advocate for closing the racial wealth gap, Hobson said diversity in business is a necessity. “The environment of diversity creates optimal outcomes. Inside Ariel, we view our diversity as a competitive advantage.”

Hobson also said that she doesn’t understand why more firms don’t use co-CEOs. “John and I can cover so much ground, both separately and together,” she said. “You also have a shoulder to lean on.”

And someone who always picks up the phone.