



GLOBAL TRANSACTION ADVISORY GROUP

PEOPLE ARE THE MOST IMPORTANT ASSET

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Paul Aversano

Managing Director and Global Practice Leader



Transcript

[0:00:04.5] ANNOUNCER: Welcome to Branch Out, a connection builder's podcast. Helping middle market professionals connect, grow and excel in their careers. Through a series of conversations with leading professionals, we share stories and insights to take your career to the next level. A successful career begins with meaningful connections.

[0:00:21.6] AD: Hey everyone, welcome to The Branch Out Podcast. I'm your host, Alex Drost. Today, we welcome Paul Aversano, a Managing Director in Transaction Advisory, Global Practice Leader at Alvarez & Marsal, a top consulting firm with more than 5,000 team members around the globe. Paul shares his thoughts on what drives success in today's competitive environment, an advice for young professionals looking to advance their career. I hope you all enjoy.

[0:00:49.2] ANNOUNCER: Connect and grow your network. We are on LinkedIn, search for Connection Builders.

[INTERVIEW]

[0:00:55.8] AD: Paul, welcome to the Branch Out Podcast, excited to have you here today.

[0:00:59.1] PA: Thanks for having me, I appreciate the opportunity.

[0:01:01.2] AD: So Paul, maybe to lead off for our guests today, can you share just a little about who you are, your background, your story and kind of what got you to where you are today?

[0:01:09.3] PA: Sure, sure, happy to. So I joined my current firm, Alvarez & Marsal a little over 16 years ago to actually cofound our transaction advisory group, which I lead now, globally today. Prior to that, I was a partner at EY in New York and I ran EY's New York middle market private equity practice.

My whole career has been in New York, in the New York City area and prior to that, I spent a little over 10 years at Arthur Andersen. So I have a little bit of unique



perspective, 14, 15 plus years, roughly half my professional career in the big four between Andersen and EY and the other half of my career at Alvarez & Marsal. So I've kind of been on both sides of the equation here.

Of my 30 year career, 25 plus years have been in the transaction advisory business. So I've been doing this type of business a fairly long time. I went to school in upstate New York, Binghamton University, Bachelor of Science degree in Accounting. I met my wife at Binghamton as well, this year is our 25th wedding anniversary so –

[0:02:06.0] AD: Congratulations.

[0:02:07.2] PA: Amazing, yes, it's amazing. So when I – I got a Bachelor of Science in Accounting, I'm a US CPA, started my career, I interned actually at Arthur Andersen after my junior year and graduated and went to work there and I started like most people did. You know, these transaction businesses didn't exist in the late 80s or early 90s. So I went into audit like everybody else in New York. I was in the commercial products and services division but actually, I probably worked on what was the coolest thing you could ever audit, which was the NFL, the National Football League.

[0:02:36.7] AD: That's cool.

[0:02:37.2] PA: So I audited the NFL for several years, I audited the Super Bowl, I've never got to go but I audited it a bunch of times which was great and early in my career, I was probably a senior associate around there, I saw a bunch of people, mostly partners, in the office of Arthur Andersen kind of running around a little bit with a little bit of a sense of urgency and I remember saying, "What are those people doing?" and someone said, "They're doing deals."

I'm like, "Deals?" I don't even know what that was at the time but it sounded cool. It sounded better than audit and I just literally went and knocked on one of the partner's doors and I said, "You don't know me but I heard you guys are doing deals and I want in," and he was like, "Okay, yeah, whatever." So in those days the way it went when transactional work and private equity in particular, started to come on the scene, you know, depending on the industry of the target, the auditors in that industrial group would do the deal.

So I was in like brick-and-mortar manufacturing and a lot of the deals were in that space and since it was relatively new work, the firm view to this high risk. It was done by the partners only and I asked to be in that group and literally, you know, I carried and those days, you carried the bags, I literally carried the bags for like two years, like files, data rooms were manual, carrying trunks in bag.

[0:03:53.8] AD: Banker boxes?

[0:03:54.9] PA: Banker boxes, you know, audit kits, like, I carried that stuff for like a year or two but what I didn't realize at the time, the partners were taking me out on deals and I wasn't qualified to do anything but I was sitting, learning, listening when they were meeting with management teams, doing financial diligence, I would help put analysis together for the report. So, I was leverage for a lot of those partners.

Over time, you know, I kind of got into it but then, the firm decided, I guess it was like 19 – early to mid-90s. Arthur Andersen said, "You know what? This could be a business," and literally, they took the 10 people in audit, mostly partners, and the 10 people in tax, in New York who were doing this work and they said, "We're going to put

you in a separate division and we don't even know if it's going to be work, so we're calling it the financial buyer's initiative." It wasn't even like a business then and it was almost all partners.

So, when they spun out of audit, I was left and then on the way out, one of the partner's like, "Oh yeah, and that guy Aversano, he's with us, come in." So again, I didn't know at the time, I landed up spinning out, I was the youngest person in the New York City office of Arthur Andersen in the financial buyer's initiative and you know, just because I was carrying bags for a year or two, right? And I happen to knock on that one guy's door.

And then, MNA started to take off, particularly private equity, I rode it through the .com boom. I was Andersen till the very end at Enron, I went with my team to EY, still in transactions. I was a partner at EY, still doing transactions, you know? And then I left 2006 to join and start the business at A&M and then the financial crisis hit, I rode through that, then I've ridden through COVID and now, everything else.

So, I've seen a lot of ups and downs but you know, in hindsight, I happened to get in this business really in the early stages of it, at least, when it comes to professional services and it's been a tremendous benefit for me. I probably worked on over a thousand deals during that period of time.

[0:05:42.7] AD: I want to really flag what you said there, you had the confidence, you knocked in someone's door, you looked for an opportunity. It just goes to show that that can go a long way and opening up opportunities that sure, at that time, you could have never even imagined.

[0:05:54.6] PA: Yeah, no, absolutely. Like, when I was in college, I didn't even know transaction advisory or I never even heard of private equity. I didn't know what deals were. It just, it sounded good, like, "Oh, they're doing deals?" I'm like, "Yeah, whatever that is, great, sign me up" and I just, you know?

But you know, it was interesting because I remember in those days, all the staff would sit in one big conference room and the audit staff would be done six, 7am and they'd be going out for happy hour drinks. We were all, you know, young in the city and I was always stuck late. In those days, I was faxing, I was photocopying and they're like, "Paul, what are you doing? Like, don't you want to – like, what do you want to do that?"

I'm like, "Listen, I like these guys, I want to do deals and this is what I have to do." So I missed a lot of happy hours and stuff, but it goes to that point we were talking about where I don't mind doing the things that most people won't or don't do or don't want to do, to get to places where most people aren't, right? And I think I was very fortunate and as the group started to grow and once we spun out, a lot of people wanted to get in but I was already in, right? Because I knocked on that door and I carried the bags for a few years, right? Whatever it takes.

[0:06:59.7] AD: You put the work in and that happened. So maybe let's talk into the audience for a minute here. Before we jumped on recording, Paul and I were chatting just about some – the lessons he's learned and when he looks back on his career that really stand out to him and he said something that I thought was really impactful and you said to me, that at the end of the day, in professional services there's really two things that matter, clients and people.

Can you peel that apart and just share what that means to you and why you've learned that lesson and how you've seen that play in your career?

[0:07:27.7] PA: Yeah, so everybody's got limited time, right? Limited resources. So you want to spend your time on where you think you could be the most impactful and when you look at a professional services business, it's not that hard to figure out. We don't make widgets, we don't manufacture anything. We sell people and people's expertise, right? So that's the product, that's what you're developing, right?

So you know, I think one of the most important things we do in a professional services firm, clearly at A&M is how we hire and who we hire. We have very strict hiring requirements, long interview processes but I like to think we're selecting the best and the brightest, right? So, there's no substitute for spending time with people. So the people are the most important asset. But it's not just hiring right and getting them here.

Once they're here, you have to retain them and treat them right and I coach a lot of people, even some of my younger partners and what I tell them on the people side of things, you know, if you look at your career, right? And anybody can apply this, I apply it to myself. If you like what you do for a living, and most people do like doing deals, right? If you like what you do for a living and you like who you do it with, surround yourself with people that you like.

But also, the third leg of that stool is, if you feel like you're being treated fairly by the organization. Now, that is a variety of different – compensation is one part of it but it's also learning and development, advancement, opportunities, right? To do the things you want to do. But if you like what you do, like who you do it with and you feel like you're being treated fairly in all respects, what else could you ask for? In a career, right?

That's sort of the people side of things, right? So it's great to put up outstanding financial results but if you're doing it at a high level of people churn, that's not the right way to do it. That's not long-term and sustainable in my opinion. So there's the people side of it and that's what we're delivering, hiring right but also treating them right, so that they stay with us, right? Hire the best people, they do the best work, right?

Everybody makes the most money and you treat them right and then round and round you go, it's like a cycle you got to stay on, right? But then, on the flip side of it, I mean, the client side is a little more obvious, right? Obviously, the clients are what pays the bills, right? I remember, way back in the Arthur Andersen days, and maybe this is not a good thing but we used to get, in the olden days, pay stubs, right?

You get your pay stub physically mailed to you and on the top of it, it would say, your earning statement and it would say, brought to you by our clients. That's what it said on everybody's earning statement. So they never wanted anybody to forget that it was the clients who were handing you this and what's funny is I see, you know, having worked in several firms, there's a lot of internal initiatives, right?

Internal, people will get together to strategize, you know, try to penetrate a client, account teams, internal strategy, all different people, I'm like, "Well, I don't want people inwardly focused." Like I said, you know, I'd be in these big planning meetings with 20 people to go after an elephant account and I'll be like, "How about somebody just pickup the phone and call them, right? Let's just go over there, right? And talk to somebody."

That's what I mean by having that client focus. In my world and what our mission statement at A&M is, we tell people that our role is simple. Our job is to help our clients be successful investors, that's it. Whatever that takes, we're going to help them do. Even if it's something that A&M doesn't do, right? I'm not looking to sell A&M. I'm looking to serve a client, right? So what I do, we're at a stage now where I just go over there and say, "How can we be helpful?" right?

"What can we do to be helpful to you?" Because we do a lot of things at A&M and there's a lot of different ways we add value and I worry about serving clients, rather than selling them. I don't want to be, no offense, but I'm not an investment banking coverage guy. I'm a service provider, serving a client, you know? And the sophisticated clients will see through that if you're just pitching and selling all the time.

I mean, think about it, nobody wants to hear that, I don't want to hear that, I don't want to be a sales person, I want to serve a client need. So if you focus on serving your clients with the right people. I mean, that's how you're successful in professional services. So when I look at myself as a leader of a global business at A&M, where should I be spending my time that's of most value to the organization? Clients and people. That's it.

So that's kind of our approach. If it doesn't touch clients or people, I try not to get involved in it. I have other people who could handle the financial reporting and all the other things we need to do. Those are important but it doesn't necessarily require my time. So I would say, probably 90% of my time is with clients and people, 10% is the running of the business and I wish I could even get rid of that.

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[0:11:56.7] ANNOUNCER: This is Branch Out, a connection builder's podcast.

[INTERVIEW CONTINUED]

[0:12:04.6] AD: Well, let me ask you a few questions around serving clients and this is, I think what I'm hearing from you is organizationally, you're trying to create a servant mindset and really, where the core mentality is, we're here to drive value for our clients and not just in what we're doing today, not just in what we obviously have our engagements and we have work, we're committing you for them.

But we're there to ask questions, to understand, to be thoughtful, proactive and look for ways to constantly continue to drive value for clients. Is that what I'm hearing and kind of the mentality behind that?

[0:12:36.8] PA: Yes, we say it a little differently. You hear a term thrown around at A&M a lot called RDTA: Relationship Driven Trusted Advisor. That's what we want our people thinking. We're relationship driven, trusted advisors with a broad mandate to help our clients be successful investors. That's what we're doing, that's how we approach it and I think it served us well.

[0:12:58.2] AD: For you as a leader, how do you build a culture on that? How do you build that as kind of the way of thinking internally?

[0:13:03.8] PA: Well, it starts from the top, right? I mean, the leaders and the partners, I mean, we have to lead by example, right? So I had a benefit, because I started a practice from scratch, I came from the big four myself. I was able to replicate the things

that I've learned over my 15 years before I joined A&M. The things that I liked in the big four, the things that I thought, you know, their best at.

I mean, things like quality and risk management, training and development, you replicate some of that stuff. It's much easier to create a culture from scratch than to try to change an existing culture. So for example, one of the things we don't have in our group at A&M is multi-levels of leadership. We don't have regions, zones, like, multiple offices. I couldn't, in the United States, there is one PNL. TAG, which is our Transactional Advisory Group. TAG US, that's it.

We staff nationally, and we serve clients. It's not about who in the North region is available to serve this client like; if the best person is sitting in the southwest, well, that's the person we should get, right? Now, when you have an organization that's structured, with all these regional and zones and service line leaders, it's very difficult to change that because you have to take roles away from people but if you start from the beginning and I was adamant from the beginning.

You know, we have A&Ms got, A&Ms everywhere but my group in the US, we're in 10 cities with partners and teams. I'm not looking to put people everywhere, where does it make sense, right? Because it is expensive to open an office but from my perspective, I don't care what the LA office does versus the New York office versus Nashville or Chicago. It doesn't matter to me, right? I want everyone focused on building the US, if not, the firm.

So the way we look at things, you know, we always say, in order of priority, right? If decisions have to be made, how are we going to prioritize that, right? Everyone always says client first, I say, family first. There's no client that's more important than my family. I hate to say that but it is, that's true. I'll admit it.

So in my world, and what I tell people, I say it differently, I have a personal leadership philosophy where there are a variety of points and I share that with everyone, I said, "Hey, listen this is the way we're going to run our business here at A&M, you may disagree and that's okay, just recognize that you may not be a good fit for us but if you agree with our leadership philosophy, then great place for you," right?

So I'm very open and transparent on that but our priorities are family first, right? Then the client, then the firm, then your own personal division and then yourself, okay? And at some points in time, some of those things have to take priority over others but over the extended period of time, there should be equilibrium amongst all, okay? You know, there are times where, "Hey, I got to check out my family, my family's got a situation."

"Hey, no problem, we'll back you up, go ahead." There are other times when you're in the middle of the deal, the deal waits for no one, you live for that deal, right? But in our world, if we got to make a decision immediately, we're going to prioritize family over client, client over firm, firm over your division and division over yourself and we try to get people to think that way and when they don't think that way because sometimes they don't, it's human nature, we correct them and listen, it's also not a secret, compensation drives behavior, right?

Psychologically. So what you do is you work backwards, what are the behaviors you want from your people and then make sure you align your compensation to recognize and reward those behaviors. So in our world, you know, A&M is very much a meritocracy, we pay for performance, right? So it's not a time engraved recognition and

reward system. We don't care what your background is, where you came from, how old you are.

If you are delivering results and moving the needle, we will recognize and reward you for that. If we don't, our whole system falls apart. So I like when people deliver and then they challenge us that we have to recognize and reward them. So it's a true meritocracy, I like that model but in a meritocracy, you also have to tell people specifically what their expectations are, right?

What I also like about A&M, when we do annual reviews of staff and partners, we, a lot of times, bifurcate the discussion between performance and compensation because you know, when you combine those two, nobody cares about the performance discussion, they want to talk about the cash.

We say, "We don't even know the bonus numbers yet but let's talk about your year. What you did, how good you were, how you can do better." Then we have a very brief conversation later on, "Okay, here's your money." If you bifurcate that, the conversation's on the performance are much more impactful.

So you know I think again, we're able to do these things because we started it from scratch, so we created the culture and then as people came in, we have to just make sure we guard the culture. You know, we call it the A&M way. A&M, here's an interesting thing I'll share with you and I'll turn it back to you on a question but A&M, from our founders, we have a shared set of six core values of the firm.

We sort of have an unofficial rule that at the beginning of every meeting or presentation, at least in my group, in transaction advisory, we always start off with the global mission statement, right? Which I just mentioned about relationship driven trusted advisors, helping our clients be successful investors.

So every kind of deck starts off with that internally, to remind everyone we're all rowing in the same direction because if you don't have that mission statement, it's like, driving the car, without knowing where you're going, right? And we're all just driving around aimlessly. I'm providing the direction, right?

So we have that common mission statement but then, at the end of every internal meeting, like, we have a partner's meeting coming up in September, we always close with someone, typically someone who has been with us not too long, like a year or two, will talk about the A&M core values and what it means to them.

So what's interesting about that is firm-wide, I'll go to a meeting with our restructuring partners, their annual meeting and someone's closing with core values but it's the same core values we're closing within TAG and tax and everybody else but people have a different spin on it, right?

So you take someone, "Okay, you've been here a year or two" and I always say, "Oh, would you like to give the presentation?" Yeah, we tell them in advance, not sprung on them. Some people really take it to another level. They put videos together and they say, "Here's what the core values mean to me."

They give examples and they have fun with it but it's passing those core values that we share from the founders to the staff over what next year is going to be our 40-year anniversary. We were founded in 1983 and we're all aligning those core values across

the firm, which is pretty cool when you think about it. There's a lot of history and things like that.

[0:19:19.4] AD: It's cool. As you said, it's both forcing people to think about it, both the presenter and the listener to really think on it and I think so much of core value is about actually thinking through it and understanding, it's much more about the discussion of meaning and kind of coming to a common understanding of what we believe behind all of it and at the same time, you're building the drive of it, that's such a cool approach to it. So...

[0:19:41.9] PA: It's amazing and you know it's funny, like, we do live those core values. Like sometimes, we'll struggle with the decision that we need to make and we say, "Okay, well, what if we had to tell the client this?" Well, that's integrity, right? That's one of our core values. So we actually do really weigh them into the decision making, which is cool. One of our core values is fun. Fun is a good one, you don't see that in too many corporate handbooks but it's in ours.

[0:20:05.6] AD: Let's shift gears here for a minute. Let me ask you a question. You've done this over the last 16 years, you've built up this practice, you had a lot of experience as part of that but during this kind of, this process of building the practice, when you look back, what are the things you've learned? As a leader and kind of your own development, not necessarily tactical business, like, you as an individual, as the leader who has had to come up with building but also guiding and strategic vision, everything that comes behind it, what are some of the big lessons that jump out to you?

[0:20:32.8] PA: I think you got to look at your career as sort of a continuum, right? When I was earlier in my career in those Arthur Andersen days, moving through the big four, things that seem simple but most people don't do, positive attitude and willingness to learn. People want to work with people that want to work with them, right?

So if you're positive, you know, when I go outside and I ask somebody to do something for me, if they're excited about it, it may not be the most glorious job but people like to teach and train but they want to do that with people that want to learn. So if you want to learn, we'll teach and train you all you want but if I go out there and someone doesn't want to do something, they think it's beneath them where they roll their eyes or they do a half ass job, you know, I'm not going to waste my time with those people, right?

So you kind of write them off and then you hurt yourself. So I think that positive attitude and that willingness to learn will take you very far in your career. I mean, I learn every day. I'm outside my comfort zone every day. I'm dealing with a variety of things I never in a million years thought I would deal with but I'm learning, right? And I'm positive about it, I embrace that.

So I think positive attitude and willingness to learn, I think, you know, I like and I try to hire people that have grit, you know, the power to persevere and have passion over an extended long period of time to achieve a goal. I call it grit, I like people who are gritty. That, I think drive success. Other things that I would look at that I think make people successful I would say, more in the middle part of your career if not where I am now, I like people that take ownership, "Think and act like an owner" is what we say.

People who own the problem and the solution, right? We can discuss it, we can consult but take ownership. People who have an entrepreneurial spirit, a fire in the belly. People who have an appropriate level of self-confidence in their own abilities, I think is

important. I think one of the most important things though, out of all these that I've learned is the power of relationships. The power of relationships trumps almost everything else.

I think, how you look at relationships with — and here's how I coach people, I always say, "When you have a relationship with someone, obviously, I would value the relationship with a client," right? That's obvious but when you know you have a real relationship with somebody, that's when they value the relationship with you, okay?

I have a story, when I was like a mid-level manager at Arthur Andersen, I was getting deals in from this one partner at a small private equity firm and I was excited because he would call me directly not the park and I was like, "Oh, this guy loves me, I'm doing all these work" and you know, for months, went on, I did all this and he was happy and all that stuff and then they had like a holiday party, this client.

A big holiday party and I was invited. So I go to the holiday party and I see the guy. I'm like, "Hey Tom" you know these were the days before the video chats, right? "Hey, Tom. How are you doing?" he's like, "Do I know you?" I'm like, "Tom, it's me. It's Paul" "Paul?" "Paul Aversano, you know from Arthur." "Oh yeah, hi Paul, how are you doing?" and he shook my hand up.

I'm like at that moment, I realized like I thought I had a great relationship with him but he didn't really value the relationship with me. He just knew I was the guy getting his work done. So do I really have a relationship with him? So like when I interview people and they tell me they have all these relationships, I'm like, "Listen, how many of these people if you call them are they going to pick phone and actually talk to you on a personal level?"

At what point does the relationship is no longer client and me but it's were friends, right? That's where it's gotten to a point where I introduce people like, "This is my friend and my client." We socialize and we genuinely enjoy each other's company. Friends want to do business with friends, right? That is the number one rule and there had been plenty of times where I've screwed things up and I've lived to fight another day because of my relationship.

It's not like, "Oh, get A&M out of here" "Oh no, that's Paul and his wife Sylvia" "Okay, yeah. You know what Paul?" Yeah, I get it. Thanks for admitting you screwed this up. Okay, let's just move on" and I'm still there, right? So it's because of the strength of the relationships. That to me, relationships beat everything.

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[0:24:21.4] ANNOUNCER: This is Branch Out, bringing you candid conversations with leading middle-market professionals.

[INTERVIEW CONTINUED]

[0:24:28.9] AD: I appreciate kind of placing the value around relationships and that is something I've always obviously and some of the business and what we do today has a lot to do with helping to instill that mindset and where that drives value but I would love to go back and dive into kind of the first couple you said and then kind of bring it full circle to relationships to wind things down.

Starting with mindset and you said, you talk about mindset being really important and really a positive mindset. Share a little more, what do you mean when you are thinking about kind of where is the positive benefit for you or how do you see that helping a professional and really being successful in their career?

[0:25:02.6] PA: There's going to be things in your career that you don't like or you don't want to do or you feel bad about and I think one of the things I've learned, I used to get down and upset when I was younger when I've screwed something up or I was at science that they didn't like but it is almost like this too shall pass. You realize if you keep your head down and just do the work, it will pass, right?

Then you're on to the next one and you know, as you get older and more senior in your career, you realize that whatever it is just power through it and you'll come up a better person for on the other side and that is sort of the positivity. Now, you know, think about that, you got to put yourself in let's say your boss's shoes, right? Or the people above you, who do they want to work for, right?

There was a study done I think by Harvard Business Review and it showed the four common traits among the most successful CEOs and one of them is like consistently delivering results and think about it, people are going to gravitate naturally towards those people that are positive, that are hardworking that want to work for them, you know? So you got to kind of show a little empathy and think about what the other person is looking at as an attribute in you.

[0:26:11.3] AD: No and I would argue too and mindset can be challenging, right? We all go through ups and downs, right? You work in the deal world, it is a very relentless world at times and there's a lot of work that can be done and a lot of things that can go sideways and all sorts of ups and downs behind it, right? I look back in my previous life in investment banking and think about the deals that I worked on that fell apart at the 11th hour, right?

We've all, I think anyone who's worked in that world have done there. A huge lesson I certainly learned was I could approach it two ways, being frustrated, being upset, being angry, being down or being positive, working through it and recognizing that not only it helped me how I engage with people around me and how people wanted to work with me but it also, it made it easier for me to push through and keep going to the next.

I think that's just it's a really undervalued part I think of recognizing how important it is to be intentionally positive in the work you're doing and that doesn't mean that you have to act like everything is overly positive all the time but just looking for the brighter side, looking for kind of a positive framing of whatever challenges you're faced with.

[0:27:12.4] PA: Or even, we've had people that have gotten upset because they don't get promoted when they think they should, right? I'll say, "Listen, you're right to be upset, okay? I know this was your expectation and here are the reasons why." Go vent to your mentor, take a week off or do whatever it is. You know, you're allowed to be upset, you're allowed to be pissed off for a period of time.

Then you got to come back and say, "Okay, what do I want to do here? Am I going to let this takeover my life and career or am I going to move on and focus on moving forward and whatever it takes?" So I think it's okay, you need to let that out and be upset. Do it in a measured and controlled manner and then you got to make the decision to move on. You got to let this own you or are you going to move on?

[0:27:50.3] AD: One hundred percent. So let's jump on the second one you said, learning, a learning mindset, continually looking to learn. How have you implied that or how have you've seen that be helpful in someone's career?

[0:27:59.7] PA: Well, first of all, I like to surround myself with people that I could learn from, okay? As I have gotten older, I've become more adept of doing that. The easiest ones are the people that I work for like my two cofounders and co-CEOs at A&M. I've been here for 60 years, I am still learning from it, right? They are amazing but even my peers, you know, my fellow business leaders of other divisions, I talk and we talk regularly and I ask them questions about what they're doing.

They ask me questions about what I'm thinking, we try to pick up moves from each other and share moves, which is great. So I learn from my peers, I learn from my partners and my practice and I think you also have to be smart enough to learn from the people who work for you and that's hard for some people to do. I've learned to do that. A lot of times, they're closer to the action, they're closer to the field, right?

So you know, I travel globally all over the place to meet with our teams and I have to recognize, I don't know nearly as much as our team does in China, in India, across Europe, in the Middle East, so I listen to them and I am smart enough to know how to build a business but I work with them and when they tell me things that, "Hey Paul, you should do this." I value honest and candid feedback, which is tough to get in my role.

But the people that do give it to me, I really value that because I don't want to hear, "Oh, it's great. It's great" I want to hear what we can do better. So from one learning perspective, it's like you need to learn from the people above you, your peer groups and you got to be smart enough to learn from the people that work for you. That to me is great and then on the flipside, the other thing I learned early on is the value of reading, believe it or not.

When I was like a first year staff at Arthur Andersen, I was working on the audit of a large telecom company and the audit partner resigned to be the CFO of that company who I was working for and one day into the company's conference room when I was working on the audit, the only people that were there were me and this audit partner who had announced that he was leaving to go join this public company.

He said, "Paul, do you want to go to lunch?" Now we couldn't be further apart on the food chain. He takes me to lunch and I will never forget this I said, "Don, how did you become so well-versed in telecom?" I mean, telecom is like a really specialized thing and he goes, "Read it." So at a very early stage of my career, now, I am also like a news junkie, right? So I am constantly bombarding myself with news but I read.

I don't read fiction, I don't have time for that. So it is either periodicals, news, bombarding me on Twitter on this or that but you'd be surprised, nobody does that, right? So I know things like the value and access of information, how to get it and then act on it has been huge for me and that's how you become a thought leader, right? Things like, I mean, I read the Harvard Business Review. I read the Wall Street Journal.

My Twitter feed, I must have 250 industry sites that are pushed to me and you know, you use downtime. When you are sitting on the subway or I am waiting for somebody, I'm just scrolling that, "Oh, good article here" I'll read it and if it is relevant for somebody

else, I send it along. So I think from a learning perspective, it is people around you, clients, everybody you can learn from but also read it.

I think it is an under – I mean, I have a summer reading list of a few books that I am trying to get through this summer, you know?

[0:31:04.1] AD: What is your number one book this summer?

[0:31:07.0] PA: What am I reading? So I am reading now, not all of them are self-help for lack of a better word. One of the books I'm reading is the Alan Shipnuck book on Phil Mickelson, because I am a huge golfer. So he wrote an unauthorized biography on that. I'm reading a book called, *How Champions Think* by Bob Rotella, you know, the famous psychologist. I have the book that was written on Bill Gross called *The Bond King*.

That is another one that's on my – so what I do is I buy the books, stack them on my nightstand and then I grab one for the beach or the commute. I finished *Goldman Sachs: The Culture of Success*. Somebody who worked there wrote a whole book on the history of the firm and why they were so successful. I figured I could pick up some moves there. I like books on leadership, stuff like that.

So I am always reading, I mean, I am always reading periodicals but I also have a handful of books that I am always trying to trudge through.

[0:31:54.3] AD: I echo the reading comment. It is, I've in the last five years of my life, I have read more than I did in the entire life previous to that and it was kind of a new habit I set out to form and it wasn't always easy but now that I've formed it and I've tried to read widely, it is wild what your brain will start to recall and the thoughts and I think all too often that we pick up a book and especially if you don't read often and it feels like you have to know every detail.

You have to read it in detail, you have to feel like you're taking deep notes out of it and when you kind of step back and there are some books that are worth doing that but when you step back and just focus on just consuming, just learning and doing it more of a consistency thing than anything, it starts to compound faster than you realize.

[0:32:37.9] PA: I was on vacation, I don't know, a couple of years ago and I brought two books with me. I was on an island in the Caribbean, so all I did was read and I brought two books, I couldn't be more different. I bought, it was when the Stephen Schwarzman book came out, you know the guy who runs Blackstone, he wrote a book. I forgot what it was called but it was about his role and leadership lessons at Blackstone.

At the same time, Bob Iger wrote about his leadership lessons at Disney. By two CEOs, one of the one of the biggest private equity firms and one of the biggest corporates and I read them both in the same vacation and it was amazing to see there was some common themes but there were also vast differences between the way the private equity world thinks and the way the corporate world thinks and so that was a pretty good one.

[0:33:16.4] AD: I love it. Let's jump onto your next one here just for the second time, grit. You said grit is an important element. What does grit mean to you?

[0:33:23.5] PA: Well, you know, I think I mentioned it at its highest form, it's the passion to persevere over the long-term, or achieve a goal. There's a woman, Angela Lee Duckworth, I don't know if you have heard of her, she does a great tech talk. She has written a book on *Grit*, you know, called I think what I quoted and it's amazing. So that's kind of at the highest level but I dumb it down a little bit for me.

What I say is, "It's doing those things that other people don't or won't do or that 98% of the population doesn't or won't do to get to the place that most people aren't." I think my willingness, there's always going to be people smarter than you, right? I am never the smartest person in the room, ever but I am never going to let anybody out work me. People say that but I actually do it.

I mean, I remember when I was a young staff person doing deals, I would go – it would be like father's day on a Sunday and I would go to the diner with my dad and my mom and my sister and then I would have them drop me off the train and go to work on a Sunday and they're like, "What do you do?" I'm like, "I got work" and when I go to the office on a Sunday on Father's day, you know who is there? Nobody. Me.

So you know, I mean it's things like that that I didn't realize at the time because that was just built into my DNA but when I look back on it, that's contributed a lot to where I am. I'm the first person on my family ever to go to college. You know, when I went to a state school in upstate New York because economically, you know there wasn't much we could afford. So you know, I kind of come at things a little different.

I joke around a little bit but I am sort of like the blue collared person in a white collared job and that's grit, right? I'm gritty. I don't think there's nothing's beneath me. I am not big on hierarchal structures. I like more of a flat team environment where everybody knows their roles and responsibilities but I don't like the hierarchal structure. I try to operate more as a team and I think people take better to that.

Not only that once in a while, if somebody doesn't know the role and you got to remind them but for the most part, people respect that and know their place and everybody works very well as a team. So you know, when I am hiring, I look for students whether it's on campus or people from other firms that I am hiring experience that have demonstrated grit. And it's funny because going to a state school, when I interned at Arthur Andersen that we're all Ivy league and other big name schools around me.

I'll be honest, I was a little intimidated and then I realized early on like they were not different than me. I mean, they might have been smarter and they might had more money but they didn't do any better than me. In fact, I think I did better than most of them, not that it's a competition but I think if you just focus on doing what you need to do to be successful and just doing the work, a lot of it takes care of itself.

[0:35:55.8] AD: I would add in there that in my own experience, grit and truly staying gritty has a lot to do with your personal expectations and the better you can align yourself with saying, "I am going to do what I have to do" and that I'm okay with that. Nothing is beneath me and I am willing to show up and kind of all the way back to your initial story, you carry the bags, you carry the banker boxes, you know, that wasn't beneath you.

I think often times when I see individuals that struggle with a gritty mentality, has more to do with an expectation that is misaligned with what the reality is to truly be successful and the more you embrace that.

[0:36:32.7] PA: Yeah, but that goes back to my earlier comments about founder's mentality, taking ownership, entrepreneurial spirit, that is where sort of that grit comes into play. We want people that think and act like owners and if you own the business, you know, you're going to do whatever it takes to be successful that you need to bill and collect from your clients in order to feed your family, right? That is the approach, those are the people that are very successful under our model.

[0:36:57.8] AD: So let me ask one final question then and kind of tie this all together. Earlier you had talked about relationships and relationships above all being important, thinking about everything we just talked about mindset, learning, grit that the entrepreneurial thoughts, how does that all tie in and how are they kind of the key to all of this?

[0:37:13.9] PA: I think you have to have the basic — there is a model that you see out there, it's the client service model and it is like a triangle, have you ever seen that? Where the bottom of that, you have to bring the skillset and do the work and execute for a client at a very high level and then at the top of that is where you're really valued at, right? If you are not bringing the basics, right? The very high level, you can't get to that value add.

No one is going to care up here and I think when you look at relationships, it is a two-way street, right? I value the relationship with the client but they have to value the relationship with us and A&M and if they're not treating, I mean, and I've had to do this unfortunately, if a client is not treating our people properly, I'll call up the client and say, "Listen, we're not doing anything wrong here, your people are being unreasonable or they're berating, I mean, they're just beating on us and you got to lighten up otherwise, we're going to walk."

I've had that conversation, the people that work at A&M I think respect that, knowing that I have their back but I can also have those conversations because of the relationships that I have with a lot of these clients that have come over 20 plus years. These are not new, it's long-term but what I teach people, everybody has a role to play when it comes to building relationships. This isn't just like the partners, right?

When you look at a client deal team and you look at an A&M deal team, client's service team, right? Everybody should be pairing up with the respective person at their level, okay? So the associate should develop the relationship with the associate at the client and up the food chain and then what happens is, you move on to the next client or the next project and there's a whole new team.

The key is to maintain that relationship while adding the second one. That again, that again, if you do that over an extended period of time, you've built a real network of relationships, right? Which is fantastic but what also happens, as you move up in your career, these people move up as well. So I'm 51 years old, right? I'm at the stage of my career that the relationships I've built with people 20 years ago are only now starting to, for lack of a better word, payoff because all these folks are now in leadership positions in various places, right?

What I also teach the people that work at A&M, what is say is, when it comes to relationships, you have to understand that just like you have personal and professional goals, these individuals also have personal and professional goals and if you can help them achieve not just their professional but their personal goals, that's when they'll

really value the relationship. I've had clients call me who say, "Paul listen, I got a new deal. I am up for partner this year, okay?" This can't go wrong. I need your best team."

I'm like, "Listen, we got you" and I'll tell the team, "Listen, not that we wouldn't do anything else but you need to be all over this, hypersensitive, I'm going to keep an eye on it" and I'll tell the client, "We got you, I'm going to help you." So when that person gets promoted off of the good work you've helped them be successful they're dragging you along for the ride, right? So it is a very much alignment of interest with the client because when they win, you win, right?

If they don't win and you know, I say this with clients all the time like everyone is like, "You know, we want to partner with our clients." What does that really mean, right? We put our money where our mouth is. If you make money, we should make money. If you don't make money, we shouldn't make money and I believe in that and I live that and I put my money where my mouth is and I think that demonstrates a little bit differently than what a lot of other firms do, right?

So it's supporting folks, if you understand what motivates them not just professionally but also personally, that will get you there and then it's also more I try to think like my clients then. So if I am running a PE firm, a seven-billion-dollar PE firm and you know, I have relationship with the managing partner but I am involved with his deal, you know, one of this partner, you know, I learned a lesson the hard way once.

This is interesting, so we worked on a deal there was an issue on the deal and we made it very clear that EBITDA maybe materially misstated, right? We said it, it was like key findings 1A right in the report. We have emails to the law firm to be aware of this issue, we have emails to the deal team at the client to be aware of the issue. Sure enough, the deal junkies, they get the deal, they do the deal right out of the box issues the issue, right?

The managing partner calls me, "Paul, what is happening here" and I said, "Hey, did you read the report, you know, key findings page 1A?" "No." "Okay, we talked to your law firm about it, did you see we addressed this in the purchase agreement?" "No" "Okay, we told your team including the younger partner on the deal, did you talk to your deal team?" "No," and I said, "Well, what do you want me to do?"

"Because you know what you should have did, if it was that important, you should have picked up the phone and called me. Did you call me?" and I said, "Shit, I didn't do that" and he goes, "If it was that important, I am not reading the report, I'm not talking to the law firm, I am not talking to the deal team, you need to make sure it gets to me. I trust you, you're our trusted advisor" and I'll never forget that I got burned over it.

He was right and now, I tell all my team if there is a major issue, don't assume it is getting to the right people and yes, you may burn a little political capital with the junior guys by going over their head but you are doing what you believe is right and you live to fight another day. I've had clients tell me they like working with us at A&M because we don't just rubber stamp stuff. I've actually told clients, "I don't think you should do this deal."

They don't like to hear that but they respect it. They want people who are going to challenge their deal team. I had this, the partner on the deal was like coming at me. "Well Paul, you know you are just raising all of these issues, what would you do?" I said, "Unless you can get..." I didn't just throw the problem. I said, "Unless you can get

this, this and this, then I wouldn't do this deal." Your natural instinct is to cater and serve the client, whatever you ask, whatever you want but you can't do that.

That's the real relationship driven trusted advisor type situation. Those are real stories, I've had that happen to me and I've learned the hard way.

[0:43:18.8] AD: That is an excellent story and what I hear from you and I think the lesson out of all of that is if you really are focused on the relationship and doing the right thing for the client, it is not just doing whatever they ask no matter what. I mean, I guess at the end of the day but it is doing what they are really asking of you not just get it done, not just go through the process and the motion that you have to do but really stepping back and saying, "Well, what is right, what do they really want?"

[0:43:42.6] PA: Understanding it.

[0:43:43.4] AD: Correct, yeah. I see the relationship element of that. One, it's empathy, you have to put yourself in their shoes. You have to stop, pick yourself out of just your thinking, your myopic view and put yourself into their shoes, what's important to them, understand the business, the dynamics at hand and then make a decision, make a call along the way that has driven it, really driving towards accomplishing that goal.

I think that it's the right way of thinking and one that I hope more and more individuals will continue to embrace and I love that story behind that. So Paul, I appreciate you coming on here. I appreciate you sharing the stories, I appreciate you sharing the thoughts and wisdoms. We covered some really great stuff there and I think –

[0:44:19.3] PA: Alex, I am going to be honest with you, people pay good money for this stuff and I am just giving it to you for free because you are a nice guy.

[0:44:25.5] AD: I appreciate it. No, I really do. This was a great conversation, your stories were awesome and just the wisdom that came out of there and the lessons, I love the mindset, the learning, the grit, the entrepreneurial thinking, the relationships but just everything you kind of learn along the way there and I hope for our listeners that they've gotten some good takeaways out of all of this. So again, I appreciate you coming on here.

[0:44:46.3] PA: That's good. I like to set the bar low and hopefully over-deliver so.

[0:44:49.5] AD: No, you did excellent.

[0:44:50.7] PA: That's the other secret of my success, that's the other secret of my success.

[0:44:53.7] AD: Well, thank you for your time, for being on here and for any of our listeners, if they want to reach out to you, can they find you on LinkedIn I assume?

[0:44:58.5] PA: Oh yeah, you can definitely find me at LinkedIn. I have a very prolific profile, people say they open up their LinkedIn every morning and they're right.

[0:45:06.9] AD: I can second that. I see you on there every day for sure, most of the time at the very top of the feeds.

[0:45:10.9] PA: I got to be honest, I'm going to be very honest, I have someone that helps me with that. I can't do it all myself but a lot of it is me. A lot of it is me.

[0:45:17.5] AD: Leverage and scale, you have to find ways to accomplish what is important to you. No, I think that's awesome. Thank you again so much for being on here Paul and I appreciate everything you shared.

[0:45:26.2] PA: My pleasure, thanks for the opportunity.

[END OF INTERVIEW]

[0:45:26.2] ANNOUNCER: Thank you for tuning in this week. Share this podcast with your professional network to help others connect, grow and excel. Like what you hear? Leave us a review and don't forget to subscribe now.

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